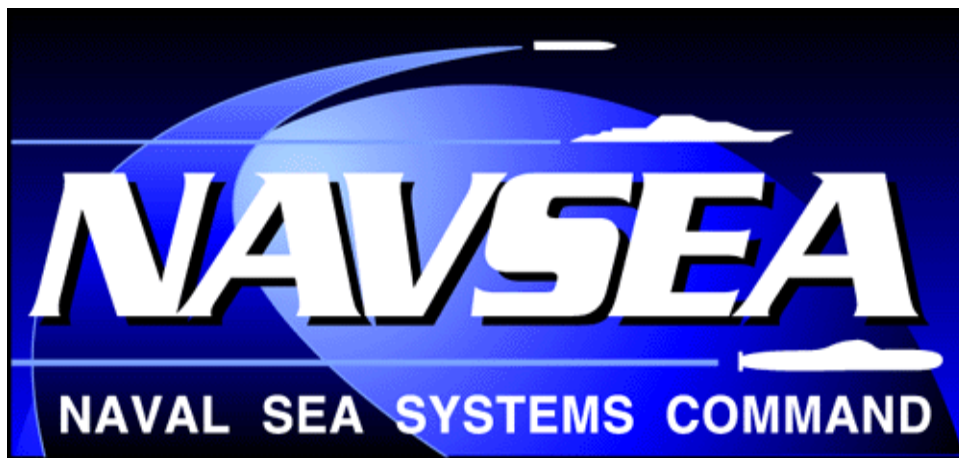


NAVAL SEA SYSTEMS COMMAND

ACQUISITION STRATEGY GUIDE



April 2010

**NAVAL SEA SYSTEMS COMMAND
Washington Navy Yard
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Washington, DC 20376-0001**

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ACQUISITION STRATEGY

1.0 GENERAL OVERVIEW

1.1 Purpose of the Acquisition Strategy Guide

The Naval Sea Systems Command (NAVSEA) Acquisition Strategy Guide (ASG) provides guidance and procedures for the Program Manager (PM) and other personnel assigned to participate in acquisition planning, development, review, and/or approval of the Acquisition Strategy (AS) document for an acquisition program.

The ASG is intended to assist the PM staff in preparing the AS document that will be reviewed by interested parties and approved by the Milestone Decision Authority (MDA). The ASG was derived from Defense, Navy, and NAVSEA content requirements. **The template in Appendix A is provided as guidance and can be tailored to address specific requirements of an individual program as addressed with the MDA.**

The ASG will be maintained by the NAVSEA Acquisition Policy Office (SEA 0213). Contact SEA 0213 for an electronic copy of the ASG.

1.2 Changes to the Acquisition Strategy Guide

Program office comments and requests for changes to the ASG should be made by emailing the request to the associated Program Executive Office (PEO) Chief of Staff for review, then forwarding to Ms. Mary Pearson, SEA 0213 at mary.w.pearson@navy.mil with a copy to Ms. Cindy Gariepy, SEA 0213, cynthia.gariepy@navy.mil. All requests will receive a reply by email to the originator, with a copy to PEO Chief of Staff, stating the date the change will be made to the ASG or a justification if the change will not be incorporated.

1.3 Purpose of a Program Acquisition Strategy Document

The AS document serves as the baseline for preparing the plans and activities to accomplish an acquisition program. The AS document serves as the "roadmap" for program execution and should address key aspects of the program's total life-cycle from program initiation through program disposal. A primary goal in developing an AS shall be to minimize the time and cost

of satisfying an identified, validated need, consistent with common sense and sound business practices.

The AS should:

- Implement a total systems engineering approach.
- Describe how the PM plans to employ contract incentives to achieve required cost, schedule, and performance outcomes. For Acquisition Category (ACAT) I programs, provide recommended contract type.
- Include a time-phased workload assessment identifying the manpower and functional competency requirements for successful program execution and the associated staffing plan, including the roles of Government and non-government personnel.
- Specify the relationships between other dependent acquisition programs, such as those that are part of a System-of-Systems (SoS) or Family-of-Systems (FoS).

According to the Defense Acquisition Guidebook (DAG), "The AS establishes the milestone decision points and acquisition phases planned for the program. The strategy should cover development, testing, production, and life-cycle support. It should prescribe the accomplishments for each phase and identify the critical events affecting program management. The AS should include a Top Level Schedule." In prior guidance, the AS document was referred to as the "Acquisition Strategy Report (ASR)"; therefore, in older program documentation, the AS may be identified as the ASR.

The AS should represent a conceptual plan that is neither overly optimistic nor overly conservative. The reviewers should be left with the impression that the AS is directed toward successful accomplishment with all major areas addressed.

1.4 Requirement for an Acquisition Strategy

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.1: PMs for all DON ACAT programs shall develop an acquisition strategy implementing a total systems engineering approach per references (a) [DoDD 5000.1] and (b) [DoDI 5000.02]. For ACAT IC, IAC, and II programs, the PM shall develop the acquisition strategy in coordination with the Acquisition Coordination Team (ACT)...The MDA shall approve a technology development strategy or an

acquisition strategy, as appropriate, prior to the release of the formal solicitation for the respective acquisition phase.]

The AS document contains milestone information that is required by Department of Defense Instruction (DoDI 5000.02) and Secretary of the Navy Instruction (SECNAVINST 5000.2D). The instructions are supplemented by the DAG. None of these documents duplicate requirements; therefore, the PM and staff must incorporate the guidance from all the above documents, plus other applicable directives, and this Guide for AS development. The AS must be prepared and approved at the program initiation milestone and reviewed at subsequent milestones and full rate production (FRP).

1.4.1 Pre-Systems Acquisition: Technology Development Strategy

The acquisition framework incorporates a Technology Development Phase (TD Phase) subsequent to the Materiel Solution Analysis Phase. The purpose of the TD Phase is to reduce technology risk, determine and mature the appropriate set of technologies to be integrated into a full system, demonstrate critical technologies on representative prototypes, and complete a preliminary design.

The Technology Development Strategy (TDS) must be approved for entry into the TD Phase, and precedes the formal AS unless program initiation is at Milestone (MS) A. Final Requests for Proposals for the TD Phase shall not be released, nor shall any action be taken that would commit the program to a particular contracting strategy for Technology Development, until the MDA has approved the TDS. The TDS is not a requirement at MS B and beyond, but a technology maturation plan/strategy should be part of the MS B AS for those elements that require additional concurrency and technological development to achieve the next level of maturity (e.g., Technical Readiness Level (TRL) 7 at MS C). If the AS is approved at MS A, the TDS content should be included as part of the AS.

The TDS is the baseline document for the creation of the AS, so the first step in the creation of the AS document is to review the TDS and incorporate the relevant sections.

1.4.2 Tailoring

The AS shall be tailored to meet the specific needs of the individual program, including consideration of incremental (block) development and fielding strategies. The benefits and risks associated with reducing lead-time through concurrency shall be specifically addressed in tailoring the AS. Tailoring should consider program category, risk, urgency of need, and technology maturity. In tailoring an AS, the PM shall address the management requirements imposed on the contractor(s). Using charts and tables instead of text wherever feasible makes the document more readable and easier to update.

The AS evolves through an iterative process and becomes increasingly more refined in describing the relationship of the essential elements of the program. The AS shall include the critical events that govern the management of the program. The event-driven AS explicitly links program decisions to demonstrated accomplishments in development, testing, initial production, and life-cycle support. The events set forth in contracts shall support the appropriate exit criteria for the phase, milestone or intermediate-development events established for the AS.

Abbreviated Acquisition Programs (AAPs) and programs not designated as ACAT programs are not required to create an AS, but are encouraged to do so. ACAT programs require a formal approval by an ACAT Designation Letter.

Programs may be able to use a consolidated version of an AS called a Single Acquisition Management Plan (SAMP). A SAMP combines the requirements of an AS and an Acquisition Plan (AP) into one document. The Head of Contracting Activity (HCA), SEA 02, has endorsed the use of a SAMP. Chapter 5 of this guide provides additional information on SAMPs.

An AS is required for some acquisition of services programs. Chapter 6 of this guide provides additional information on an AS for services.

1.5 Guiding Principles for Acquisition Strategies

NAVSEA's HCA Policy Memorandum No. 3 established guiding principles for acquisition strategies for contract actions greater than \$50 million. Contact SEA 0213 for an electronic copy of the memorandum.

The Guiding Principles stated in Policy Memorandum #3 must be addressed in an AS. The main points are:

1. Compete whenever possible. Competition provides options to seek the best possible solution for the Fleet and the taxpayer. Foster an environment in which competition can be sustained over time. Use contract structures that support this goal. Contracts that contain excessive options undermine this strategy, so only use options that lock us into a long-term relationship with a contractor when in a sole source environment.
2. Minimize the use of undefinitized contract actions (UCAs). Undefinitized contract actions should only be used in extraordinary circumstances.
3. Use separate contracts for supplies and services in those instances where allocating program scope to separate contracts will enhance the Government's ability to maintain program control and fairly allocate program risk amongst contractors.
4. Address plans to seek out and offer opportunities to Small Business Innovative Research (SBIR), Veteran-owned businesses, Historically Black College and Universities/Minority Institutions, and other small and minority-owned businesses.
5. Incorporate commonality and re-use whenever possible to drive down development and support costs; provide a known technical baseline, and allow NAVSEA to field systems and platforms faster and more affordably. PMs should indicate the processes and metrics they plan to use to reduce variation across ship systems.
6. Demand that contractors develop a culture of continuous process improvement. LEAN/Six Sigma are important parts of the continuous process improvement toolset.
7. Seek to obtain the cost efficiencies that should result from either repetitive buys of commodities over time or the procurement of larger quantities of a given commodity.
8. Hold each other accountable for the team's success. Engage in an honest, data-driven assessment of strengths and

weaknesses with respect to process and people. Make a collective commitment to get better each day.

1.6 Program Manager Responsibilities

The PM is the principal resource manager responsible for execution and achievement of the AS for a specific ACAT program.

As stated in SECNAVINST 5000.2D, Encl 3, Section 3.4.1, "PMs for all DON ACAT programs shall develop an acquisition strategy implementing a total systems engineering approach." For ACAT IC, IAC, and II programs, the PM shall develop the acquisition strategy in coordination with the Acquisition Coordination Team (ACT). For ACAT ID and IAM programs, the PM shall develop the AS in coordination with the Overarching Integrated Product Team (OIPT) with the concurrence of the PEO, the Component Acquisition Executive (CAE) and the Assistant Secretary of the Navy (Research, Development & Acquisition) (ASN (RD&A)). The Program ACT/OIPT will provide subject matter expertise to assist the PM in developing and implementing the AS. In all cases, the PM shall ensure that the NAVSEA HCA (SEA 02) concurs with the procurement approach.

Development of the AS requires collaboration between the MDA, PM, and the functional communities engaged in and supporting the Department of Defense (DoD) acquisition. It is highly recommended that the PM include representatives from each of the functional areas represented at the Milestone Acquisition Review Board (ARB) in the development and review of the AS. At a minimum, the functional areas should include: Legal, Finance, Contracts, System Engineering, Logistics, Human Systems Integration (HSI) (if applicable), Environmental, Safety, Test & Evaluation, Production, and Fleet Support. For ACAT I-II programs, the Deputy Assistant Secretary of the Navy (DASN) for the PEO should also be included. Inclusion of key participants in the early stages of the program will ensure a more complete AS, expedite the AS review process, and educate the ARB members prior to the program milestone.

1.7 Changes to Program's Acquisition Strategy Document

The PM is responsible for AS currency. At a minimum, the PM should review and update the AS prior to a program milestone, but it is recommended that PMs review both the AS and AP documents annually before the annual budget review. The PM should update the AS whenever there is a major change to cost,

schedule, or performance in the approved AS. Changes to the AS can be made in a memorandum with the MDA's signature or as an updated AS. The MDA may request just the modified section of the AS being submitted, as opposed to the entire AS document, depending on the scope of the change. Minor changes to the AS that do not affect the cost, schedule, or key performance parameters of a program can be stated in a memorandum signed by the PM.

In an Evolutionary Acquisition program, the ACT/OIPT will recommend if/when the program would need to provide a new AS for subsequent blocks.

1.8 Acquisition Strategy Approval

The MDA approves the AS. The MDA is determined by the program's ACAT designation (see Table 1, SECNAVINST 5000.2D, Encl 2, Table E2T1).

1.9 Markings

An AS will be prepared as an unclassified document whenever possible and marked "For Official Use Only."

As indicated in the Naval Sea Systems Command Instruction (NAVSEAINST) 5230.12, "Release of Information to the Public," the following distribution statement is suggested for an unclassified AS:

Distribution Statement B - Distribution authorized to U.S. Government Agencies; other requests must be referred to [enter the cognizant Program Executive Office (PEO) program office].

If access to contractors is allowed, use the following:

Distribution Statement C - Distribution authorized to U.S. Government Agencies and their contractors; other requests must be referred to [enter the cognizant Program Executive Office (PEO) program office].

Table 1 SECNAVINST 5000.2D, Encl 2, Table E2T1.

Table E2T1 Description and Decision Authority for ACAT I-IV and AAP Programs		
Acquisition Category	Criteria for ACAT or AAP Designation	Decision Authority
ACAT I	<ul style="list-style-type: none"> Major Defense Acquisition Programs (MDAPs) (section 2430 of title 10, U.S.C.) <ul style="list-style-type: none"> RDT&E total expenditure > \$365 million in FY 2000 constant dollars, or Procurement total expenditure > \$2.190 billion in FY 2000 constant dollars, or MDA designation as special interest 	ACAT ID: USD (AT&L) ACAT IC: SECNAV, or if delegated, ASN (RD&A) as the CAE (not further delegable)
ACAT IA	<ul style="list-style-type: none"> Major Automated Information Systems (MAISs) <ul style="list-style-type: none"> Program costs/year (all appropriations) > \$32 million in FY 2000 constant dollars, or Total program costs > \$126 million in FY 2000 const. dollars, or Total life-cycle costs > \$378 million in FY 2000 constant dollars MDA designation as special interest 	ACAT IAM: ASD(NII)/DoD CIO ACAT IAC: SECNAV, or if delegated, ASN (RD&A), as the CAE (not further delegable)
ACAT II	<ul style="list-style-type: none"> Does not meet the criteria for ACAT I Major Systems (section 2302(5) of title 10, U.S.C.) <ul style="list-style-type: none"> RDT&E total expenditure > \$140 million in FY 2000 constant dollars, or Procurement total expenditure > \$660 million in FY 2000 constant dollars, or ASN (RD&A) designation as special interest Not applicable to IT system programs 	ASN (RD&A), or the individual designated by ASN (RD&A)
ACAT III	<ul style="list-style-type: none"> Does not meet the criteria for ACAT II or above Weapon system programs: <ul style="list-style-type: none"> RDT&E total expenditure ≤ \$140 million in FY 2000 constant dollars, or Procurement total expenditure ≤ \$660 million in FY 2000 constant dollars, and Affects mission characteristics of ships or aircraft or combat capability IT system programs: <ul style="list-style-type: none"> Program costs/year ≥ \$15 million ≤ \$32 million in FY 2000 constant dollars, or Total program costs ≥ \$30 million ≤ \$126 million in FY 2000 constant dollars, or Total life-cycle costs ≤ \$378 million in FY 2000 constant dollars 	Cognizant PEO, SYSCOM Commander, DRPM, or designated flag officer or senior executive service (SES) official. ASN (RD&A), or designee, for programs not assigned to a PEO, SYSCOM, or DRPM.
ACAT IVT	<ul style="list-style-type: none"> Does not meet the criteria for ACAT III or above Requires operational test and evaluation Weapon system programs: <ul style="list-style-type: none"> RDT&E total expenditure ≤ \$140 million in FY 2000 constant dollars, or Procurement total expenditure ≤ \$660 million in FY 2000 constant dollars IT system programs: <ul style="list-style-type: none"> Program costs/year < \$15 million, or Total program costs < \$30 million, or Total life-cycle costs ≤ \$378 million in FY 2000 constant dollars 	Cognizant PEO, SYSCOM Commander, DRPM, or designated flag officer, SES official, or PM. ASN (RD&A), or designee, for programs not assigned to a PEO, SYSCOM, or DRPM.
ACAT IVM	<ul style="list-style-type: none"> Does not meet the criteria for ACAT III or above Does not require operational test and evaluation as concurred with by OTA Weapon system programs: <ul style="list-style-type: none"> RDT&E total expenditure ≥ \$10 million ≤ \$140 million in FY 2000 constant dollars, or Procurement expenditure ≥ \$25 million/year, ≥ \$50 million total ≤ \$660 million total in FY 2000 constant dollars Not applicable to IT system programs 	Cognizant PEO, SYSCOM Commander, DRPM, or designated flag officer, SES official, or PM. ASN (RD&A), or designee, for programs not assigned to a PEO, SYSCOM, or DRPM.
Abbreviated Acquisition Program	<ul style="list-style-type: none"> Does not meet the criteria for ACAT IV or above Does not require operational test and evaluation as concurred with in writing by OTA Weapon system programs: <ul style="list-style-type: none"> Development total expenditure < \$10 million, and Production or services expenditure < \$25 million/year, < \$50 million total IT system programs: <ul style="list-style-type: none"> Program costs/year < \$15 million, and Total program costs < \$30 million 	Cognizant PEO, SYSCOM Commander, DRPM, or designated flag officer, SES official, or PM. ASN (RD&A), or designee, for programs not assigned to a PEO, SYSCOM, or DRPM.

If the AS is classified, it should be marked in accordance with EO 12958, "Classified National Security Information," 25 Mar 2003 and SECNAVINST 5510.36A, "Department of the Navy (DON) Information Security Program," 6 Oct 2006. Further details on marking classified national security information can be found at <http://doni.daps.dla.mil/Directives/05000%20General%20Management%20Security%20and%20Safety%20Services/05-500%20Security%20Services/5510.36A.pdf>.

For more details about the criteria for selecting a distribution marking, see NAVSEAINST 5230.12, "Release of Information to the Public," 21 Nov 2003 at <http://www.navsea.navy.mil/NAVINST/05230-012.pdf>.

2.0 ACQUISITION STRATEGY APPROACH

A systematic, team-enabled, iterative process should be used early and throughout the process to develop the AS. The team should collect relevant input information on the capability needs and environmental factors, discuss and analyze the information, develop core and supporting strategies, rigorously evaluate them, and produce an AS that provides a risk-balanced program structure to fulfill the capability requirements optimizing cost and schedule.

To ensure an efficient approval process, provide a read-ahead package with brief sheet, and hold a meeting with the AS signatories to obtain real or near real-time approval.

The DAG Section 2.3.2 provides more detail in selecting an acquisition approach. The online version of the DAG Section 2.3.2 can be found at <https://dag.dau.mil>.

2.1 Evolutionary Acquisition Approach

Evolutionary acquisition is the preferred DoD strategy for rapid acquisition of mature technologies as stated in the DoDI 5000.02. See Figure 1 for an illustration of the Evolutionary Acquisition approach.

Evolutionary acquisition reduces cycle time and speeds delivery of advanced capabilities to the warfighter. This approach is designed to develop and field demonstrated technologies for both hardware and software in manageable pieces. This approach is particularly useful if software is a

key component of the system, and the software is required for the system to achieve its intended mission. Evolutionary acquisition delivers an initial capability with the explicit intent of delivering improved or updated capability in the future. Evolutionary acquisition allows insertion of new technologies and capabilities over time and is focused on providing the warfighter with an initial capability that may be less than the full requirement as a trade-off for earlier delivery, agility, affordability, and risk reduction.

Evolutionary acquisition is an approach that defines, develops, produces or acquires, and fields an initial hardware or software increment (or block) of operational capability. It is based on technologies demonstrated in relevant environments, time-phased requirements, and demonstrated manufacturing or software deployment capabilities. Evolutionary acquisition requires collaboration among the user, tester, and developer.

These capabilities can be provided in a shorter period of time, followed by subsequent increments of capability over time that accommodate improved technology and allow for full and adaptable systems. Each increment will meet a militarily useful capability specified by the user (i.e., at least the thresholds set by the user for that increment); however, the first increment may represent only 60 percent to 80 percent of the desired final capability.

2.1.1 Incremental or Block Development

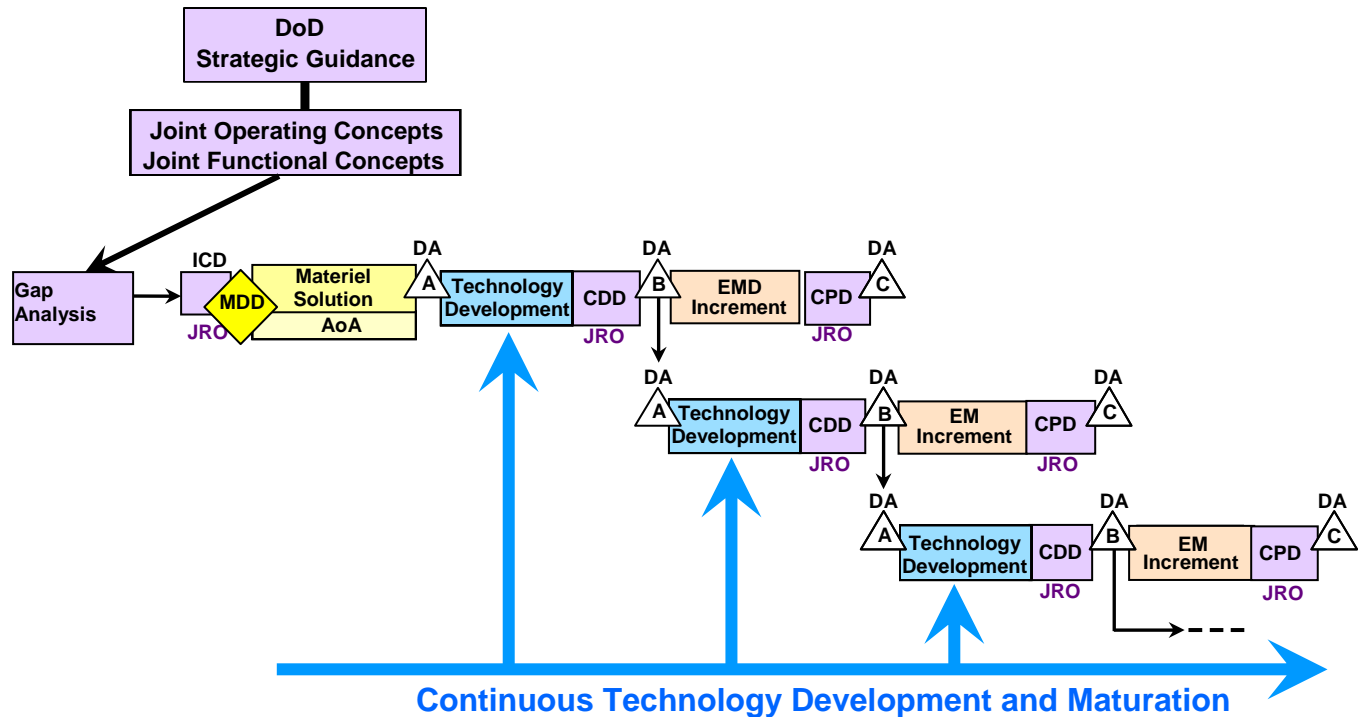
The Incremental (or Block) Development approach is useful when the ultimate functionality can be defined at the beginning of the program, with the content of each deployable increment determined by the maturation of key technologies.

An increment or block is a militarily useful and supportable operational capability that can be effectively developed, produced or acquired, deployed, and sustained. Each increment of capability will have its own set of thresholds and objectives set by the user. Successive TD Phases may be needed to mature technology for multiple development increments.

DoDI 5000.02 requires the MDA to formally initiate each increment of an evolutionary acquisition program. The program manager should develop goals for each program increment. Planned program goals (parameters and their values) for any

program may be refined, according to the actual results demonstrated by the program.

Figure 1 Evolutionary Approach



2.2 Performance Based Logistics

Planning for a Performance Based Logistics (PBL) strategy should be rationalized by support analysis, baseline assessment, and the establishment of support performance metrics. PBL decisions should also be based on the operational environment and the logistics infrastructure's ability to support non-PBL defense programs. PBL requirements should be invoked with contractors where appropriate. A guide for the development of a PBL strategy for product support of weapon systems titled "Performance Based Logistics: A Program Manager's Product Support Guide," can be found at <https://acc.dau.mil/GetAttachment.aspx?id=32536&pname=file&lang=en-US&aid=6154>.

2.3 Earned Value Management

Earned Value Management (EVM) is a key integrating process in the management and oversight of acquisition programs. It is

a management approach that combines both Government management requirements and industry best practices to ensure the total integration of cost, schedule, and work scope aspects of contracts. Programs will implement the DoD EVM requirements on applicable contracts, subcontracts, and other agreements as prescribed in DoDI 5000.02, the DAG, and the EVM Implementation Guide.

2.4 Two Pass/Six Gate Review Process

[fm SECNAVINST 5000.2D, Encl 2, 2.11.2.: The objective of the [Two Pass/Six Gate DON Requirements and Acquisition Governance Process] is to establish a disciplined and integrated process for requirements and acquisition decision-making within DON.]

The purpose of the Two-Pass/Six-Gate review process is to improve governance and insight into the development, establishment, and execution of acquisition programs in Department of the Navy (DON). The goal of the review process is to ensure alignment between Service-generated capability requirements and acquisition, as well as improving senior leadership decision-making through better understanding of risks and costs throughout a program's entire development cycle. Throughout the process, the Navy and Marine Corps retain sole responsibility for capability development and approval.

The Two-Pass/Six Gate review process applies to all pre-Major Defense Acquisition Program (pre-MDAP), pre-Major Automated Information System (pre-MAIS), ACAT I, ACAT IA, and selected ACAT II programs. It is a newly established review process that helps to connect the acquisition process to the requirements management process. The goal of this new process is to improve the alignment between Navy requirement setting and the acquisition review and decision process. It is not intended to replace the DoD 5000 framework but to enhance the framework. Also, the desired result is a continuous dialogue between the requirements community and the acquisition community. Pass One is managed by the requirements community with participation of the acquisition community (includes Gates 1 through 3). At program initiation, which usually occurs at MS-B (but may occur at MS-A or C), Pass Two commences (includes Gates 4 through 6). Pass Two is managed by the acquisition community with participation of the requirements community. At each Gate Review, the Secretary of the Navy (SECNAV) requires that the program's health be assessed. This process is called the

Probability of Program Success (PoPS). The PoPS tools shall serve as the DON method of representing the health of all ACAT programs. Specific guidance on PoPS can be found on the ASN (RD&A) Information System Web site under Dashboard Policy and Instructions (username and password is required).

<https://asnrda.hq.navy.mil/login.asp>.

3.0 NAVSEA ACQUISITION STRATEGY TEMPLATE

The NAVSEA Template for an AS is provided as Appendix A. NAVSEA/PEO PMs are highly encouraged to use this format unless specifically directed by the MDA to provide a modified format. Using the template format will make it easier for the reviewers and speeds the review process.

As noted previously, the template in Appendix A is provided as guidance and can be tailored to address specific requirements of an individual program as requested by the MDA. However, when tailoring a particular section, use caution to ensure that the intent and content prescribed by the latest DoDI 5000.02 and SECNAVINST 5000.2 series are covered.

3.1 Identification and Numbering

It is recommended that the PEOs use a numbering system similar to the SAMP process to track AS documents. The AS number may be comprised of the PEO/Program Management Office (PMO) identifier, fiscal year of preparation and sequential number; e.g., "PEO SUBS/PMS 401-09-001." An AS should retain its original number throughout the life of the program. For instance, a revised AS would read "PEO SUBS/PMS 401-09-001 Rev. A." AS numbers will be managed by each PEO.

3.2 AS Document Format

All sections of Appendix A must be addressed. If any particular section or paragraph is not applicable, include the title heading and state "Not Applicable" or "Requirement Planned to be Waived" with appropriate rationale. Classified information shall be incorporated as a reference.

All AS documents will be left justified, in Courier New 12 font with 1 inch margins and single-spaced between sentences. The use of tables and illustrations will be used when feasible to enhance readability and facilitate future updates.

3.3 Timing and Updating

3.3.1 Creation and Revisions Timetable

An AS is required at the initial milestone (either MS A, B, or C depending on the program), and prior to subsequent milestones. Revisions should be contemplated when a significant change in acquisition or program management strategy occurs, including changes to scope, program value, or contract type.

3.3.2 Administrative Changes

If the AS is being revised for administrative purposes, only change pages are required, and are to be provided as a new section with a new signature page at the beginning of the section. Administrative changes are defined as changes to participants and typographical corrections only. Change pages will be routed with the original signed AS. All changes will be identified by a change bar in the right margin. The administrative revision is signed only by the PEO, even if the PEO is not the MDA. The signed revision must be provided to all original signatories.

3.3.3 All Other Changes

If the AS is being revised for other than administrative purposes, contact the office of the MDA to determine whether a new section or an entire revised AS is needed. New cover page and a new signature page (using the old AS number with a revision number) will be provided. The revised AS will be routed with the original signed AS. All changes will be identified by a change bar in the right margin.

4.0 TIPS FOR DEVELOPING AN ACQUISITION STRATEGY

1. Have a face-to-face meeting with the representatives from each of the functional areas early in the planning stage. Where appropriate, include their input in the AS.
2. Provide a draft version of the AS document to all the reviewers in parallel as soon as possible. Ask reviewers to focus on their functional area.
3. Follow the format in the NAVSEA AS template provided in Appendix A.

4. Have a program office representative track the AS document through the review process, aka "chop chain."
5. Use "laymen" terms and avoid using too many technical or abbreviated acronyms that may confuse reviewers.
6. Include as much factual (known) information as possible, but also indicate unknowns, assumptions, or possibilities that may need to be addressed as the program progresses. Documenting issues early alerts everyone to the challenge and reduces program risks.
7. Document agreements made with the MDA and/or functional warrant holders that justify a decision.
8. Consider opportunities for employing small or disadvantaged businesses.
9. Conduct market research on the requirements(s). Explore possible international and commercial markets that might allow for "economies of scale" benefits.
10. Utilize tables and illustrations when possible to enhance readability and facilitate future updates.
11. Consider using a SAMP.
12. Assign sections of the AS to be developed by knowledgeable Subject Matter Experts.
13. Assign a program office representative to oversee development of the AS and development schedule.

5.0 SINGLE ACQUISITION MANAGEMENT PLAN

A SAMP provides an opportunity to achieve cost and time savings by combining the AS and AP requirements into a single document.

Use of a SAMP is at the PEO's discretion for ACAT I and II programs where the MDA is Navy, but is highly recommended when there is a common approval authority for both AS and AP such as ACAT III, IV, and AAP programs. Approval by the MDA and HCA, SEA 02, is required to use a SAMP.

For additional guidance on using this streamlined methodology, contact the NAVSEA Acquisition Policy (SEA 0213) at 202-781-0977, 0587, or 1571.

6.0 ACQUISITION OF SERVICES ACQUISITION STRATEGY

6.1 Acquisition of Services Policy

[DODI 5000.02 Encl 9 Overview: Acquisitions of services shall support and enhance the warfighting capabilities of the Department of Defense.

a. All acquisitions of services shall be based on clear, performance-based requirements; include identifiable and measurable cost, schedule, and performance outcomes consistent with customer needs; and receive adequate planning and management to achieve those outcomes.

b. Managers shall use a strategic, enterprise-wide approach for both planning and execution of the acquisition, and shall use business arrangements that are in the best interests of the Department of Defense.

c. All acquisitions of services shall comply with applicable statutes, regulations, policies, and other requirements, whether the services are acquired by or on behalf of the Department of Defense.]

A "service" can be defined as engagement of the time and effort of a contractor whose primary purpose is to perform an identifiable task, or tasks, rather than to furnish an end item of supply. Section 2330 of title 10, U.S.C, as amended by section 812 of the National Defense Authorization Act for FY 2006, requires the establishment and implementation of a management structure for the acquisition of services in DoD.

Some service acquisitions do not require a separate AS document. If the service acquisition is addressed in the program AS document, a separate AS is not required. Many of the service acquisitions contracted by NAVSEA are acquired using a SEAPORT-e contract and program requirements are addressed by the PEO as part of their overarching AS or SAMP. However, if the service acquisition is not covered under a program AS, a separate AS document may be required.

If the AS calls for a multi-option service contract, as distinguished from contracts that span multiple years, (see Federal Acquisition Regulation (FAR) Subpart 17.1 and DoD Federal Acquisition Regulation Supplement (DFARS) Subpart

217.171), the AS shall address compliance with section 2306c of title 10, U.S.C. and OMB Circular A-11 which requires that multi-option service contracts be scored as operating leases. Therefore, the AS will need to address the budget scorekeeping that will result from use of the proposed contracting strategy.

For bundled requirements, address the benefit analysis as prescribed in the DoD Benefit Analysis Guidebook at <http://www.acq.osd.mil/osbp/news/Bundling%20Guidebook%20October%202007.pdf>.

7.0 ACQUISITION STRATEGY FINAL REPORT

Valuable information is exchanged when an AS ACT or OIPT meet to create the program's AS document. All ACAT programs should document this information for historical purposes by producing an AS Final Report at the culmination of the AS meetings. The AS Final Report should include the names of the stakeholders that were involved and a summary of the key ideas, assumptions, and concerns that were raised during the creation of the AS document. The final report should be stored with other program documentation. A sample AS ACT/OIPT Final Report is shown in Appendix B.

NAVSEA ACQUISITION STRATEGY TEMPLATE
COVER PAGE

ACQUISITION STRATEGY FOR THE

[Program Name]

Acquisition Strategy No: PEO_____/PMS_____-[FY]-[XXX] Revision [XX]

[PEO Logo]

[PEO Name]

Questions concerning this Acquisition Strategy should be referred to: [name, code, and telephone no.]

(Unclassified) Distribution Statement B - Distribution authorized to U.S. Government Agencies; other requests must be referred to [enter the cognizant Program Executive Office (PEO) program office].

Note: Blank AS Template (Appendix A) is "Approved for Public Release. Distribution is unlimited," but once program data is entered into AS template, it must be marked "FOR OFFICIAL USE ONLY."

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SIGNATURE PAGE

Acquisition Strategy No: PEO_____/PMS_____-[FY]-XXX Revision XX
DATED [DATE]

PROGRAM TITLE: _____

PROGRAM MANAGER: _____ CODE: _____

ACAT: _____ MILESTONE: _____

SUBMITTED:

[PM Name and Date]

[PCO Name and Date]

CONCUR:

[PEO Name] [Date]
Program Executive Officer

[Name] [Date]
Head of Contracting Activity
(NAVSEA 02)

APPROVED:

[PEO Name and Date]
[for ACAT III and IV]

Honorable [Name] [Date]
Assistant Secretary of the Navy
Research, Development & Acquisition ASN (RD&A)
[for ACAT IC and II]

Honorable [Name] [Date]
Under Secretary of Defense
For Acquisition, Technology and Logistics USD (AT&L)
[for ACAT ID]

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ACQUISITION STRATEGY VERSION [NBR]
DATED [DATE]
FOR
[PROGRAM TITLE]

1.0 REQUIREMENTS/CAPABILITY NEEDS

To provide context, the AS should contain a summary description of the capability the acquisition is intended to satisfy or provide. The summary should highlight system characteristics driven by interoperability and/or joint integrated architectures, capability areas, and family or SoS. This summary description should contain a listing of the unclassified Key Performance Parameters (KPPs) and cost, schedule or performance driving Key System Attributes (KSAs) from the reference capability document. Classified KPPs or KSAs should not be included in the AS unless the entire AS is classified. The AS should refer to the appropriate source document (e.g., Capabilities Development Document (CDD) or Acquisition Position Paper) for a listing of the classified KPPs and/or KSAs.

1.1 Description of Program

Describe the program in brief, non-technical language in approximately 150 words (e.g., a brief description similar to that forwarded in the Congressional Data Sheets with the annual budget). Briefly synopsise the user requirements and capability needs of the program. Characterize the program's current phase/life-cycle status (e.g., entering MS B). Include item description, quantity being procured, and acquisition timeframe. If the AS is being updated, provide the reason(s) for the update.

2.0 PROGRAM STRUCTURE

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.3: Each acquisition strategy shall include a program structure, the purpose of which is to identify in a top-level schedule the major program elements such as program decision points, acquisition phases, test phases, contract awards, and delivery phases.]

2.1 Acquisition Approach

[fm DoDI 5000.02, Encl 2, Sec. 2.a.: Evolutionary acquisition is the preferred DoD strategy for rapid acquisition of mature technology for the user. An evolutionary approach delivers capability in increments, recognizing, up front, the need for future capability improvements. The objective is to balance needs and available capability with resources, and to put capability into the hands of the user quickly. The success of the strategy depends on phased definition of capability needs and system requirements, and the maturation of technologies that lead to disciplined development and production of systems that provide increasing capability over time.]

The AS should define the approach, either evolutionary or single step, that the program will use to achieve full capability. It should include the rationale to justify the choice including appropriate reference to the capability document. The DoD preference is evolutionary acquisition. When a program uses an evolutionary approach, each increment should have a specific set of parameters with thresholds and objectives appropriate to the increment.

In an evolutionary approach, the AS should fully describe the initial increment of capability (i.e., the initial deployment capability), and how it will be funded, developed, tested, produced, and supported. The AS should preview similar planning for subsequent increments, and identify the approach to integrate and/or retrofit earlier increments with later increment improvements.

If the PM decides to incorporate concurrency in the program, the AS should discuss the benefits and risks of the concurrency and address the resultant risk mitigation and testing impacts. The Department's preferred acquisition approach is for event driven, rather than schedule driven strategies.

2.2 Requirements Document

Provide a brief history of the program followed by a summary of the current applicable statutory and regulatory program requirements. It should indicate status of source documents (i.e., Initial Capabilities Document (ICD), Acquisition Program Baseline (APB), CDD, Capabilities Based

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Assessment, and program Acquisition Decision Memorandum (ADM)). The PM should review documents related to the ICD, such as the threat analysis studies.

Address plans to meet the requirements contained in the current version of the Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01.

2.2.1 Identification of Authoritative Source Documents

The AS should cite documents that address statutory and regulatory program requirements, to include:

- Approved capability document(s) (e.g., CDD).
- Most recent Analysis of Alternatives (AoA).
- Test & Evaluation Management Plan (TEMP).
- Systems Engineering Plan (SEP).
- Information Support Plan.
- Acquisition Information Assurance Strategy.
- Program Protection Plan (PPP) (for programs with CPI).
- Programmatic Environmental, Safety, and Occupational Health Evaluation (PESHE) with National Environmental Policy Act/Executive Order (EO) 12114 Compliance Schedule.
- Any relevant or recent ADMs.

Each citation should include the approval date and note the approval status. If a document is still in draft and not approved, it should be so noted and the projected approval date provided. Some of the cited documents (e.g., PPP) need to be summarized elsewhere in the AS, in addition to being cited as a source document.

2.2.2 Status of In-Process Capabilities Documents

Describe the current status or projected plans for the ICD, CDD, and Capabilities Production Document (CPD).

2.3 Top Level Integrated Schedule

A Top Level Integrated Schedule should be included in the AS that focuses on the current phase, but also projects the entire life-cycle of the program. Two schedule figures may be

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used, one for the current phase and a second one for the entire life-cycle. The schedule should identify the major program elements. The schedule should include test events, Preliminary Design Review (PDR), Critical Design Review (CDR), Test Readiness Review (TRR), Production Readiness Review (PRR), contract award(s), option exercises, ARB and/or Defense Acquisition Board (DAB) reviews, milestone events, and configuration/design freezes.

The Top Level Integrated Schedule should also include program elements that are necessary to execute a successful program, such as formal solicitation releases, systems engineering technical reviews, preliminary and critical design reviews, engineering development model, low-rate initial production (LRIP), and FRP deliveries, developmental, live-fire, and operational test and evaluation phases, and initial and full operational capability dates. These program elements are proposed by the PM, endorsed by the PEO and ASN (RD&A) (for ACAT ID and IAM programs) and approved by the MDA. See the DAG for direction and guidance on AS program elements and implementation requirements for all DON ACAT programs. A sample Top Level Schedule is provided in Figure 1.

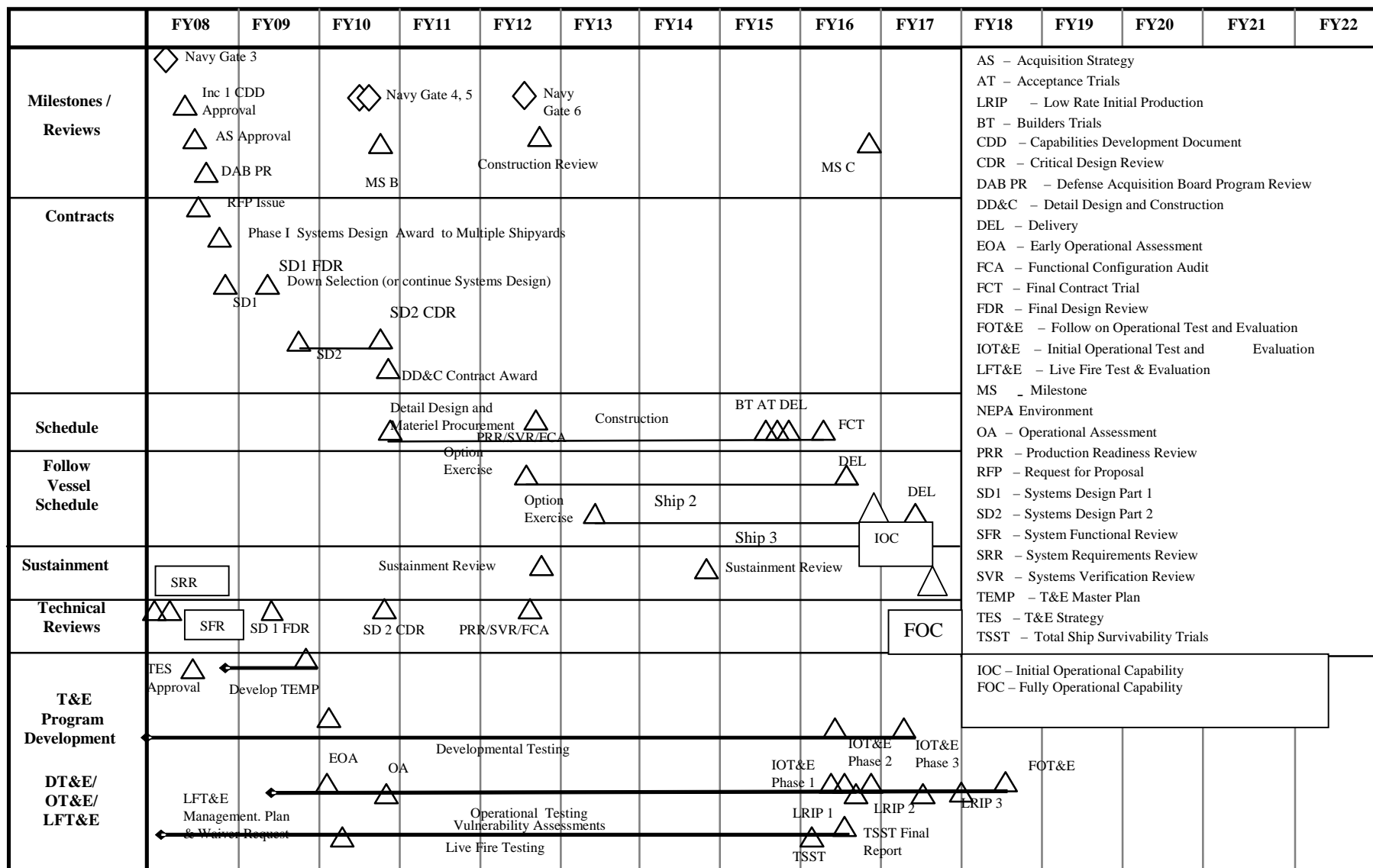
For Automated Information System (AIS) acquisitions, provide a milestone chart depicting the key events of the acquisition. Include milestones for requirements approval, submittal of specifications to contracting activity, contract award(s) and exercise of options for ordering periods.

2.4 Tailoring

Consistent with statutory and federal regulatory requirements, the PM and MDA may tailor the phases and decision points to meet the specific needs of the program. Tailoring should consider program category, risk, urgency of need, and technology maturity. Tailoring of regulatory information requirements and processes must be approved by the MDA prior to, or in accordance with, the strategy being approved. Tailoring of statutory information requirements and processes can only be done in rare cases and may require justification to Congress.

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Figure 1 Sample Top Level Integrated Schedule



*In a concise note on the chart, state whether formal configuration control is to be imposed, and if not, how configuration is to be managed.

This section should contain proposed tailoring initiatives for MDA approval, as well as already approved (e.g., via ADM) tailoring plans. For a Production and Deployment (P&D) Phase AS (i.e., a MS C AS), if LRIP quantities exceeding 10 percent of the total production quantity are planned, provide rationale in this section.

3.0 RESOURCE MANAGEMENT

The AS should address program resource requirements and should consider changes in efforts as the program progresses. Personnel, cost control, advance procurement, the estimated program cost and potential changes in program funding should be taken into consideration to increase the likelihood of successful program execution. Strategies for cost reductions such as collaboration with other programs, greater reliance on commercial items, and competition should also be considered and described in the AS.

3.1 Program Office Staffing & Support Contractors - Organization

The AS should address the planned personnel resources as derived via a time-phased workload assessment. The AS should highlight:

- Key manpower requirements.
- Functional competency requirements.
- An extended staffing plan (e.g., legal expertise from command council or cost analysis support from a separate activity).
- Resource limitations that pose a risk to program/PMO success.

The AS should include:

- A PMO organization chart that indicates what service fills the billet (for a joint program), whether it is filled with military, civilian or contractor personnel, the seniority level of the billet, and whether the billet is currently filled, or vacant.

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3.2 Cost and Funding

The AS should address cost and funding status as well as a summary of budget information that includes appropriation (APPN), budget activity (BA), program element (PE), and the project name. This information should be provided to give a strategic level overview of how the funding appropriated to the program will be spent and where the funds are identified in the budget.

The PM should identify resource limitations that prevent pursuing a more beneficial strategy or contracting approach. If required, the PM should provide an estimate of any additional resources needed to implement the desired strategy or approach. A discussion should be included in the AS describing how resources are planned to meet program baseline parameters, including to what degree the program is funded relative to thresholds or objectives.

A funding chart and track-to-budget chart should be included as part of the AS (see Figure 2).

Figure 2 Sample Program Funding Chart

(\$M)	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Total
Research & Development	1066	1085	794	445	282	279	303	4374
Advance Procurement	204	716	163	51	51	50	-	1335
Procurement	-	-	2405	2764	2492	2579	2186	13,426
Shipbuilding & Conversion, Navy (SCN)	204	716	2568	2815	2543	2629	2186	13,761
Quantity	0	0	1	1	1	1	1	4

Sample President's Budget 2006 (PB06) Budget (Current Year Dollars)

3.3 Cost Control and Cost as an Independent Variable Plan

The AS should document plans to control program costs, specifically Program Acquisition Unit Cost (PAUC), Average

Procurement Unit Cost (APUC), and Life-Cycle Cost (LCC). Cost control tools and processes should be summarized. If a Cost as an Independent Variable (CAIV) approach is planned, it should be described. Include strategies for teaming between the PMO, financial estimating and management communities and the warfighter/user and requirements community to define cost goals and trade space; ensure capability base processes, and how the cost-performance tradeoffs will be executed. If a CAIV approach is not planned, the overall cost control approach should be justified and the rationale for not using CAIV principles explained.

The two components of the Cost and Software Data Reporting (CSDR) system are the Contractor Cost Data Reporting and Software Resources Data Reporting. PMs shall use the CSDR system to report data on contractor costs and resource usage incurred in performing DoD programs.

The AS should address plans for monitoring contractor costs and resource usage. For ACAT I programs the AS should address the CSDR requirement using the Office of Secretary of Defense (OSD) Cost Analysis Improvement Group (CAIG) approved CSDR plan for the program. If the OSD CAIG Chairman has waived this requirement, then a summary of the grounds for waiving the requirement should be discussed in this section of the AS.

3.4 Earned Value Management

EVM is a key integrating process in the management and oversight of acquisition programs. It is a management approach that combines both Government management requirements and industry best practices to ensure the total integration of cost, schedule, and work scope aspects of contracts. The AS should make clear a program's intent to comply with EVM requirements.

3.5 Cost Performance Controls

Discuss, as appropriate, what management system will be used by the Government to monitor the contractor's cost control effort.

Unless waived by the MDA or a designated representative, compliance with the Earned Value Management System (EVMS) is required on significant contracts and subcontracts within all acquisition programs, including highly sensitive classified

programs and major construction programs. This also includes cost incentive contracts, subcontracts, and intra-government work agreements greater than or equal to \$20 million in then-year dollars executed for foreign governments and for specialized organizations such as the Defense Advanced Research Projects Agency. On cost type contracts that are not significant enough for EVMS criteria applicability, the Cost/Schedule Status Report shall be required unless specifically excluded. Compliance with the EVMS criteria shall not be required on Firm Fixed Price contracts, time and materials contracts, and contracts which consist mostly of level-of-effort work.

3.5.1 Planning for Simulation-Based Acquisition and Modeling and Simulation

SECNAVINST 5200.38A, "Department of the Navy Modeling and Simulation Management," 28 February 2002, provides guidance for DON modeling and simulation management. See the DAG for implementation guidance for all DON ACAT programs.

3.6 Cost/Performance Trade-Offs

Discuss the expected consequences of trade-offs among the various cost, capability or performance, and schedule goals. Cost/performance/schedule trade-offs should shape requirements and proposed design approaches based on cost-effectiveness. Trade-offs will consider affordability and cost-effective alternatives that are within program budget. CAIV should be utilized to make life-cycle affordability decisions. Cost reductions shall be accomplished through cost/performance trade-off analyses, which shall be conducted before an acquisition approach is finalized.

3.7 Reducing Use of Government Property/Facilities

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.5: PMs who have or use government property in the possession of contractors (GPPC) shall have a process in place to ensure the continued management emphasis on reducing GPPC and preventing any unnecessary additions of GPPC.]

Describe the process used to ensure continuing management emphasis on preventing any unnecessary additions to GPPC, as well as reducing GPPC. Government property may be furnished to contractors only under the criteria, restrictions, and

documentation requirements addressed in FAR 45.201. See the DAG for GPPC monitoring guidance for all DON programs.

3.8 Industrial Capability and Manufacturing Readiness

The AS should include the results of an industrial base capability (public and private) analysis to design, develop, produce, and support an acquisition program. This includes assessing manufacturing readiness and effective integration of industrial capability considerations into the acquisition process and acquisition programs. For applicable products, the AS should also address the approach to making production rate and quantity changes in response to contingency needs.

3.8.1 Industrial Capability

The program office should assess the impact of programmatic decisions on the national and international technology and industrial base supporting U.S. defense. Overall Industrial Capabilities Assessments (ICAs) should address critical sub-tier, as well as prime contractor capabilities assessments to include:

1. New and unique capabilities, that must identify:
 - DoD investments needed to create new, or enhance existing, industrial capabilities. This includes any new capability (e.g., skills, facilities, and equipment).
 - New manufacturing processes or tooling required for new technology. Funding profiles must provide for up front development of manufacturing process/tooling and verification that new components can be produced at production rates and target unit costs.
 - Exceptions to FAR Part 45, which requires contractors to provide all property (equipment, etc.) necessary to perform the contract.
2. Program context in overall prime system and major subsystem level industry sector and market.
3. Strategies to address any suppliers considered to be vulnerable.

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4. Risks of industry being unable to provide new program performance capabilities at planned cost and schedule.
5. Alterations in program requirements or acquisition procedures that would allow increased use of non-developmental or commercial capabilities.
6. Strategies dealing with product or component obsolescence, given DoD planned acquisition schedule and product life.
7. Strategies to address reliability issues (i.e., tampering, potential interrupted delivery from non-trusted sources, etc.) associated with commercial components for sensitive applications.

PMs should conduct their own assessments when there is an indication that industrial or technological capabilities associated with an industrial sector, subsector, or commodity important to a single DoD component could be lost; or it is necessary to provide industrial capabilities information to help make specific programmatic decisions. These assessments generally are conducted, reviewed, and acted upon internally within the DoD Components. Additionally, the Defense Contract Management Agency supports DoD-wide and DoD component industrial assessments by utilizing its broad knowledge across industrial sectors and its on-site presence in many contractor industrial facilities.

3.8.2 Sustaining Industrial Capability

The AS should promote sufficient program stability to encourage industry to invest, plan, and bear their share of the risk. However, the strategy should not compel the contractor to use independent research and development contracts, except in unusual situations where there is a reasonable expectation of a potential commercial application. Defense acquisition programs should minimize the need for new defense-unique industrial capabilities. Foreign sources and international cooperative development should be used where advantageous and within limitations of the law.

Where feasible, the AS should consider industrial surge requirements and capability for operationally-expendable items such as munitions, spares, and troop support items. These are likely surge candidates and should receive close attention and

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specific planning, to include use of contract options. The program office should identify production bottlenecks at both the prime and sub-tier supplier levels for high use/high volume requirements. Surge capability can be included in evaluation criteria for contract award.

Considerations for sustaining industrial capabilities include:

- DoD investments needed to create or enhance certain industrial capabilities.
- Risk of industry being unable to provide program design or manufacturing capabilities at planned cost and schedule.
- Industrial capabilities needed by DoD in danger of being lost and whether Government action is required to preserve the industrial capability.
- Product technology obsolescence, replacement of limited-life items, regeneration options for unique manufacturing processes, and conversion to performance specifications at the subsystems, component, and spares levels.

DoD imposes oversight restrictions on any proposed action or investment to preserve an industrial capability for an acquisition program. Any such investment with an anticipated cost of equal to or less than \$10 million annually must be approved by the appropriate MDA, and any investment with a cost greater than \$10 million annually must be approved by USD (AT&L).

3.8.3 Industrial and Manufacturing Readiness

For Major Defense Acquisition Programs (MDAPs) and major systems with production components, the AS should highlight the strategy for assessing industrial and manufacturing readiness. During the Engineering and Manufacturing Development (EMD) and the P&D/LRIP Phases, the industrial and manufacturing readiness should be assessed to identify remaining risks prior to a production go-ahead decision. For MS C, key considerations include industrial base viability, design stability, process maturity, supply chain management, quality management, facilities, and manufacturing skills availability.

The EMD AS should also highlight the strategy for assessing the manufacturing processes to ensure they have been effectively

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demonstrated in an appropriate environment, such as a pilot line environment, prior to MS C. The manufacturing environment should incorporate key elements (equipment, personnel skill levels, materials, components, work instructions, tooling, etc.) required to produce production configuration items, subsystems or systems that meet design requirements in low rate production. To the maximum extent practical, the environment should use rate production procedures used in determining forecasted LRIP production rates. The AS should strategically describe the EMD phase planning to assess and demonstrate that the manufacturing processes/capabilities, required for production will have been matured to a level of high confidence for building production configuration products in the P&D phase.

Sources of data could include: technical reviews and audits; Program Status Reviews; pre-award surveys; PRRs; ICAs; trade-off studies; tooling plans; make-or-buy plans; manufacturing plans; and bills of material. An important output includes actions to reduce or address any remaining risks.

4.0 RISK MANAGEMENT

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.4: Plans for assessing and mitigating program risk shall be summarized in the acquisition strategy. PMs, utilizing SYSCOM engineering and logistics technical authority expertise, shall conduct a risk assessment identifying all technical, cost, schedule, and performance risks. In conjunction with the risk assessment, plans for mitigating those risks shall be completed prior to each milestone decision and the Full-Rate Production Decision Review (FRP DR). PMs for all DON programs shall, for the purpose of reducing or mitigating program risk, research and apply applicable technical and management lessons-learned during system development, procurement, and modification.]

Risk Management is the overarching process that encompasses identification, analysis, mitigation planning, mitigation plan implementation, and tracking. Risk management should begin at the earliest stages of program planning and continue throughout the total life-cycle of the program. Additionally, risk management is most effective when fully integrated with the program's systems engineering and program management processes—as a driver and a dependency on those processes for root cause and consequence management.

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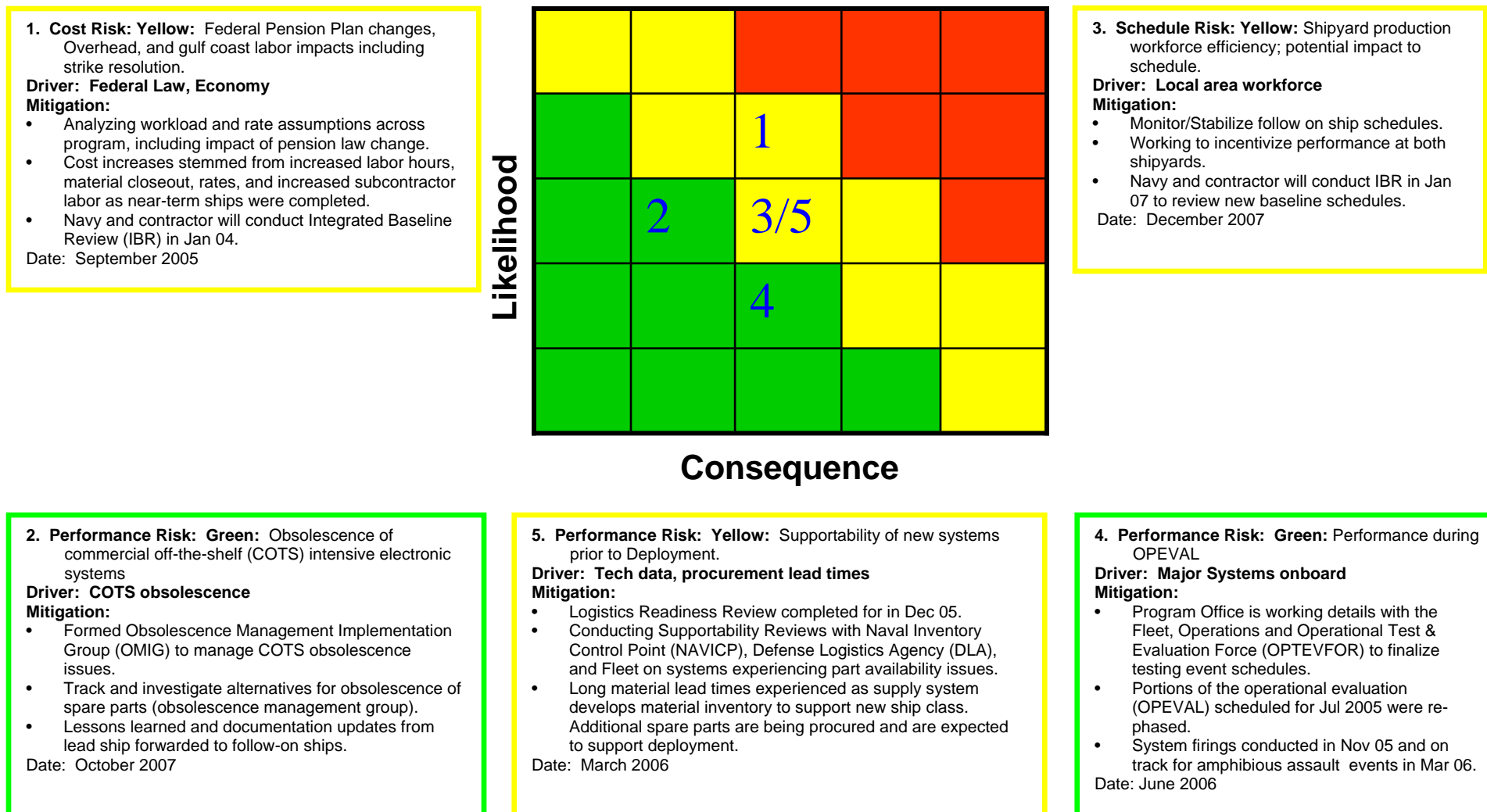
System engineering technical reviews should be used as an integrated technical risk assessment tool. Examples of these reviews are the System Requirements Review (SRR), PDR, CDR, System Verification Review (SVR), and PRR. When conducted by independent subject matter experts with the program team, they can be effective methods of ascertaining technical risk at key points in the acquisition life-cycle. Technical risks and associated mitigation approaches identified at these reviews should be incorporated into the program plan and budget, and indicated on the program schedule.

The AS shall include identification of the critical risk areas of the program and a discussion of how the PM intends to manage those risks. Discuss technical, cost, and schedule risks and describe which efforts are planned or underway to reduce risk and the consequences of failure to achieve goals. If concurrency of development and production is planned, discuss their effects on cost and schedule risks. Discuss compliance and implementation of PRRs, including major areas of technical risk. Describe corrective actions planned or underway to reduce the risk of breaching performance, quality, cost and schedule thresholds. Provide a comparison of any recent test results with the goals established for the item or program. The top risks should be identified and illustrated in a Risk Matrix Cube as illustrated in Figure 3.

The AS is an appropriate place to discuss cost, schedule and performance implications or trade-offs related to risks and risk mitigation, but not for detailed mitigation plans with waterfalls, etc. The SEP is the document appropriate for details on mitigation plans for the noted key technology-related acquisition risks. The SEP or the program's Risk Management Plan is appropriate for detailed discussion of the risk management process; the AS should only contain a summary.

Figure 3

Sample Risk Matrix Cube



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ASN (RD&A) Chief Systems Engineer (CHSENG) is available to assist the PM in the identification of integration and interoperability risks or in the use of interoperability and integration risk assessment tools. ASN (RD&A) publication, "Top Eleven Ways to Manage Technical Risk," should be used as a guideline for establishing a technical risk management program. The document can be viewed at <http://acquisition.navy.mil/content/view/full/3988>.

Several risk assessment tools are available in the DON Acquisition and Capabilities Guidebook to assist in the identification of risks. Additionally, systems engineering technical reviews should be used as an integrated technical risk assessment tool.

Refer to the "Risk Management Guide for DoD Acquisition (Sixth Edition, Version 1.0)," Aug 2006 for additional information at http://www.dau.mil/pubs/gdbks/risk_management.asp.

4.1 Relief, Exemption, or Waiver

If a PM determines that a requirement either does not apply to his/her program or compliance with the requirement is not in the best interest of the Government, the PM may elect to request a waiver or exemption. The MDA must agree that a waiver or exemption from a requirement does not pose an unacceptable level of risk to the program.

Waivers or exemptions to the statutory or regulatory requirements must be submitted to the USD (AT&L), Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), Director, Operational Test & Evaluation (DOT&E), CAE, or other authorized decision authority as appropriate. Statutory requirements cannot be waived unless the statute specifically provides for exemption or deviation of the stated requirements.

Indicate in the AS anticipated Requests for Waivers or Requests for Deviations. Requests for waivers/deviations and the MDA's response should be submitted in writing and signed by the MDA and shall become part of the program documentation.

4.2 Interoperability and Integration Risk

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.4.1, last subpara: Risk assessments for ACAT I, IA, and II programs and applicable ACAT III and IV programs that are designated by ASN (RD&A) for integration and interoperability special interest, risk assessment planning shall be coordinated with ASN (RD&A) Chief Engineer (CHSENG) six months prior to program decision briefings. Developed risk assessments and mitigation plans for such programs shall be submitted to ASN (RD&A) CHSENG no later than 30 calendar days prior to program decision briefings. ASN (RD&A) CHSENG shall advise ASN (RD&A) and the PM of the adequacy of the PM's integration and interoperability risk assessment and risk mitigation plan.]

It is important to assess, early in the program, the integration and interoperability risks that may be encountered and document strategies to avoid or mitigate risks. The PM shall summarize any known or anticipated interoperability and/or integration risks in this section of the AS.

5.0 DESIGN CONSIDERATIONS AFFECTING THE ACQUISITION STRATEGY

5.1 Modular Open Systems Approach

Modular Open Systems Approach (MOSA) is the DoD implementation of "open systems." The PM should incorporate MOSA principles into the AS, as applicable, to ensure access to the latest technologies and products and to facilitate affordable and supportable system development and modernization of fielded assets. The PM should plan for MOSA implementation and include a summary of such planning as part of the overall AS; and to the extent feasible, the TDS. The summary of the MOSA planning should describe how MOSA fits into a program's overall acquisition process and strategies for acquisition, technology development and T&E, steps a program will take to analyze, develop, and implement a system or a SoS architecture based on MOSA principles, and how such program intends to monitor and assess its MOSA implementation progress and ensure system openness.

If upon completing a business case analysis, the PM decides to acquire a system with closed interfaces, the PM must report the justification for the decision to the MDA. The justification should describe the potential impacts on the

ability to access the latest technologies from competitive sources of supply throughout the system life-cycle, integrate the system with other systems in a joint integrated architecture venue, and to integrate and/or retrofit earlier increments with later increments in an evolutionary acquisition context. This closed system justification should be summarized in this section of the AS.

The open systems approach should be identified using Naval Open Architecture (NOA) guidance from the Naval OA Contract Guidebook for Program Managers. Open Architecture (OA) assessments conducted using the Open Architecture Assessment Tool, MOSA guidance, and other NOA guidance may be found on the NOA Web site at <https://acc.dau.mil/oa>.

5.2 Program Interdependency and Interoperability

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.6.2: For programs that are part of a SoS or FoS, interoperability and integration shall be a major consideration during all program phases per [CJCSI 6212.01D now CJCSI 6212.01E] reference (g). All programs shall implement data management and interoperability processes, procedures, and tools, per [SECNAVINST 5000.36A] reference (h), as the foundation for information interoperability.]

This section should identify any dependency on the planned or existing capability of other programs or systems. If the AS involves successive increments satisfying time-phased capability needs, the PM should address each increment and the transitions from increment to increment. The AS should identify any waivers or deviations that have been requested, obtained, or expected to be requested. The PM should identify and assess the impact of technical, schedule, cost, and funding critical path issues related to information interoperability that could impact the PM's ability to execute the AS. The PM should also identify critical path issues in related program(s) or system(s) that will exchange information with the PM's delivered system and assess their potential impact.

The growing requirement for effective international coalitions requires a heightened degree of international interoperability. The acquisition community should strive to deploy and sustain systems, equipment, and consumables that are inherently interoperable with our potential coalition partners.

If applicable, address plans for interoperability with potential coalition partners.

5.2.1 FORCENet Integrated Architecture

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.6.2.1: All DON new start IT systems, including NSS, that exchange information with external systems shall comply with Net-Ready KPP and FORCENet integrated architecture and other elements of the FORCENet Consolidated Compliance Checklist (FCCC) guide as described by the CDD at program initiation.]

NAVSEA 05 is responsible for certifying SoS Interoperability as well as Strike Force Interoperability afloat. NAVSEA 05 has determined that the use of an Automated Test and Re-Test (ATRT) capability will lower the cost of testing. ATRT is an automated test capability that provides reproducible quantitative evaluation of software performance in a cost and time effective manner. ATRT will be used by NAVSEA 05 for testing associated with Strike Force Interoperability Certification. Systems with SoS and Strike Force Interoperability requirements should address the use of ATRT for interoperability testing and certification in the AS document.

For additional information about the DoD Integrated Architecture Framework, visit the Defense Acquisition University (DAU) Web site.

A presentation on the integrated architecture process can be viewed at <http://www.enterprise-architecture.info/Images/Defence%20C4ISR/DODAF.ppt>.

5.3 Joint Capabilities Integration and Development System Process

Address how the program plans to develop joint concepts and capabilities in order to perform in an integrated, joint environment. The program must address the Joint Capabilities Integration and Development System (JCIDS) process at gate reviews prior to program milestones. The guidance for the JCIDS process is CJCSI 3170.01G, "Joint Capabilities Integration Development System," 1 Mar 2009. The guidance is available at http://www.dtic.mil/cjcs_directives/cdata/unlimit/3170_01.pdf.

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Also consult CJCSI 6212.01E, "Interoperability and Supportability of Information Technology and National Security Systems," 15 Dec 2008 at http://www.dtic.mil/cjcs_directives/cdata/unlimit/6212_01.pdf.

The NAVSEA Acquisition Policy Office (SEA 0213) hosted a presentation by Office of the Chief of Naval Operations (OPNAV) in October 2007 on the JCIDS Process. The DVD and copy of the brief is available upon request.

5.4 Critical Safety Items

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.6.3: Program managers of aviation or ship-air integration systems shall summarize the aviation CSI approach in the acquisition strategy. The approach shall ensure that design, contracting, and support strategies address the proper and timely identification, technical documentation, marking or serializing and tracking, procurement, support, and disposal of aviation CSIs.]

Critical Safety Items (CSI) must be procured through an approved manufacturing source as cited in the Defense Logistics Agency (DLA) Process Memorandum "Use of Approved Sources DLAD 11.301, 11.302-90," 5 Dec 2001 which can be found at <http://www.dla.mil/j-3/j-336/ProcLtrs/01-19.pdf>.

Address how the requirement is in conformance with the NAVSEA Instruction 9078.2, "Naval Ships' Critical Safety Items (CSI) Program Technical Requirements," 15 May 2008 which can be found at <http://www.navsea.navy.mil/NAVINST/09078-002.pdf>.

5.5 Information Assurance

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.6.4: Information assurance (IA) requirements shall be identified and included in the design, acquisition, installation, operation, upgrade, and replacement of all DON information systems per section 2224 of title 10, U.S.C., Office of Management and Budget Circular A-130. PMs shall develop an IA Strategy and summarize the IA Strategy in the program's overall acquisition strategy.]

PMs should ensure the AS provides for compliance with the procedures regarding Information Assurance (IA). PMs should

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summarize in the AS the technical, schedule, cost, and funding issues associated with executing requirements for IA, and maintain a plan to resolve any issues that arise. This effort should ensure that IA policies and considerations are addressed and documented as an integral part of the program's overall AS. The IA strategy should define the PM's planned approach to ensure IA requirements are addressed early in the process and Clinger-Cohen Act (CCA) requirements for IA are captured as part of the program's overall AS. The IA strategy will continue to evolve during development through test and evaluation (T&E) so it contains sufficient detail to define how the program will address the fielding and support requirements that meet readiness and performance objectives by MS C.

5.5.1 Clinger Cohen Act Compliance

[fm SECNAVINST 5000.2D, Encl 4, Sec. 4.1: The CCA applies to all Information Technology (IT) systems, including National Security Systems (NSS). Acquisition Category (ACAT) IAM and IAC programs require a CCA compliance certification while all other ACAT programs containing Mission-Critical (MC) or Mission-Essential (ME) IT systems, including NSS, require CCA compliance confirmation.]

The CCA of 1996 requires the Government Information Technology Office to operate in the same manner as an efficient and profitable business would operate. Acquisition, planning and management of technology must be treated as a "capital investment." CCA emphasizes an integrated framework of technology aimed at efficiently performing the business of the Department. All facets of capital planning are taken into consideration just as they would be in private industry: cost/benefit ratio; expected life of the technology; flexibility; and possibilities for multiple use. The NAVSEA Chief Information Office (CIO), SEA 00I, can assist with CCA compliance.

Refer to DoDI 5000.02, Encl 5, Table 8 "Title 40 Subtitle III/CCA Compliance" for required actions and applicable program documentation.

5.5.2 DoD Information Assurance Certification and Accreditation Process

Programs that utilize information technology (IT) must address IT certification and accreditation issues. The DoD Information Assurance Certification and Accreditation Process (DIACAP) replaces the DoD Information Technology Security Accreditation Plan (DITSCAP) process. For further guidance, see DoDI 8510.01, "DoD Information Assurance Certification and Accreditation Process (DIACAP)," 28 Nov 2007 at <http://www.dtic.mil/whs/directives/corres/pdf/851001p.pdf>.

5.6 Standardization and Commonality

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.6.5: Common systems can provide efficiencies that include inherently greater interoperability, lower total ownership costs, improved human performance, consistent and integrated roadmaps for system evolution, and planned dual-use functions. Acquisition strategies shall identify common systems integrated into the acquisition program.]

Section 2451 of title 10, U.S.C., Defense supply management, directs the Department of Defense (DoD) to standardize supplies to the highest degree practicable by reducing the number of sizes and kinds of items that are generally similar. Program managers shall describe in their acquisition strategy the process to evaluate and use standard parts and equipment that meet system performance requirements rather than program-unique items. Standard parts and equipment are those currently in the DoD inventory or produced in accordance with nationally recognized industry, international, federal, or military specifications and standards.]

An approach to using open published commercial standards and common assets and components will be established consistent with the guidance provided by the "Naval Open Architecture Contract Guidebook for Program Managers."

5.7 Corrosion Prevention Control (if applicable)

As part of a long-term DoD corrosion prevention and control strategy that supports reduction of total cost of system ownership, Corrosion Prevention and Control (CPC) programs and preservation techniques shall be implemented throughout the

life-cycle of all military equipment and infrastructure. Corrosion considerations shall be objectively evaluated throughout program design and development activities, with trade-offs made through an open and transparent assessment of alternatives.

Briefly summarize the CPC programs and techniques that are planned for the program. ACAT I programs will provide a more detailed CPC strategy at MS B and C.

5.8 Technology Maturation

[fm DoDI 5000.02, Encl 2, Sec. 3.c: Promising technologies shall be identified from all sources domestic and foreign, including government laboratories and centers, academia, and the commercial sector. In addition, PMs shall consider the use of technologies developed under the Small Business Innovation Research (SBIR) program, and give favorable consideration to successful SBIR technologies. The risk of introducing these technologies into the acquisition process shall be reduced; coordination, cooperation, and mutual understanding of technology issues shall be promoted. The conduct of Science and Technology (S&T) activities shall not preclude, and where practicable, shall facilitate future competition.]

The AS should indicate technology issues in a brief summary. A more detailed description of the consideration of technology issues should be addressed in the TDS.

This section of the AS should focus on the strategy to mature technology, in concert with integration and design development efforts, to reach the desired level at the next milestone. For instance, an AS being approved prior to MS B should show the strategy to mature critical technology elements from TRL 6 to at least TRL 7 prior to the planned CDR. Software maturity strategy should be discussed in this section of the AS.

Prototyping and competitive prototyping for technology maturation and end item integration, to meet the needs described in Section 1.0 Requirements and Capability Needs, should be described in this section of the AS. Major events, such as proof testing and the overall schedule and resources for the upcoming Milestone Technology Readiness Assessment, should be discussed in this section of the AS. Because technology maturity needs to be evaluated in a "relevant environment" for

TRL 6, and a "realistic environment" for TRL 7, the "environment definition" belongs in this section of the AS.

5.9 Data Management Strategy

DoD lays out a new approach for data management that focuses on making data visible, available, understandable and trusted in a Net-Centric Operating Environment. The strategy applies to all data assets on the Global Information Grid (GIG), including architecture data. Data assets are defined to include system or application output files, databases, documents, or pages. For the architecture community, data assets include integrated architectures and individual architecture products produced and stored in architecture tools and data repositories.

Key aspects of a data management strategy are to: 1) make data visible, available and usable; 2) "tag" data with metadata to enable discovery; 3) post data to shared spaces; and 4) move away from point-to-point interfaces to "many-to-many" exchanges within a net-centric data environment.

Additionally, the USD (AT&L) Memorandum of 19 July 2007 for Service Acquisition Executives specifically calls for ACAT I and II programs to "assess the long-term technical data needs of their systems and reflect that assessment in a Data Management Strategy (DMS)." The DMS shall: 1) be integrated with other life-cycle sustainment planning and included in the AS; 2) assess the data required to design, manufacture and sustain the system as well as to support re-competition for production, sustainment or upgrade; and 3) address the merits of including a priced contract option for the future delivery of technical data and intellectual property rights not acquired upon initial contract award and shall consider the contractor's responsibility to verify any assertion of restricted use and release of data. The DMS shall be approved in the context of the AS prior to issuing a contract solicitation, and should be integrated with other life-cycle sustainment planning.

For additional guidance see ASG Appendix D, "Data Management Strategy."

5.9.1 Data Rights

PMS must assess the long-term technical data needs of their systems and indicate in this section how they plan to manage and

protect their technical data. For additional guidance see ASG Appendix D "Data Rights."

5.10 Integrated Data Environment

The PM should summarize plans to establish a cost-effective data management system and digital environment. PMs should establish a data management system within the Integrated Data Environment (IDE) that allows every activity involved with the program to cost-effectively create, store, access, manipulate, and exchange digital data. This includes, at a minimum, the data management needs of the system engineering process, modeling and simulation activities, T&E strategy, support strategy, and other periodic reporting requirements. The AS should briefly include leveraged and/or planned new development IDE infrastructure.

5.11 Protection of Critical Program Information

[fm SECNAVINST 5000.2D, Encl 3, Sec, 3.4.7.5 : Program protection plans for programs with critical program information (CPI) and critical technologies shall address the minimum requirements prior to Milestone B. Per [ASN \(RD&A\) memorandum of 20 Feb 08](#), PMs shall use the Standard Operating Procedures (SOP) for the Standardized Critical Program Information Identification Process in Department of Navy Acquisition Programs, Version 1.01, of 26 Sep 07 to identify CPI in all acquisition programs.]

ACAT programs that contain Critical Program Information (CPI) are required by DoDI 5000.02 to develop a PPP with an Anti-Tamper (AT) annex.

Technology protection is essential to maintain technological superiority over a system's life. Additionally, DoD seeks to cooperatively develop systems with other countries and permit Foreign Military Sales (FMS) or Direct Commercial Sales (DCS), which promote resource conservation, standardization, commonality, and interoperability. Co-development, sales, transfer loss on the battlefield, and/or unintended diversion will expose critical technology to potential exploitation or reverse-engineering attempts. This unintentional technology transfer risk must be addressed by assessing, designing, and implementing appropriate AT measures.

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The PPP should encompass security, acquisition systems protection, systems security engineering, counterintelligence, and operations security requirements. Department of Defense Directive (DoDD) 5200.39 provides guidance on determination of CPI. The PM should identify CPI and technologies using the Military Critical Technology List (<http://www.dtic.mil/mctl>).

If the program contains CPI, the AS should address the vulnerabilities and risk of inadvertent technology transfer over the planned service life. Identify potential technical solutions, determine likely cost and schedule implications, and select methods best suited to the respective acquisition effort. FMS and DCS should be assumed for most programs unless compelling evidence exists to the contrary.

The AS should also identify the potential industry sources available to supply critical products and technologies. Highlight areas of potential vertical integration, that is, areas where potential prime contractors are also potential suppliers for critical products and technologies. Describe the approach that will be used (e.g., requiring an open systems architecture, investing in alternate technology or product solutions, breaking out a subsystem or component, etc.) to establish or maintain access to competitive suppliers for critical areas at the system, subsystem, and component levels.

If the program has no CPI, the AS should state that a waiver from the requirement to produce a PPP and AT Plan will be requested.

5.11.1 Anti-Tamper

The PM should ensure the AS is consistent with the AT measures of the DAG Section 8.5.3. AT techniques may be applied to system performance, materials, hardware, software, algorithms, design, and production methods, or maintenance and logistical support. The PM should plan and budget for AT throughout the system's life-cycle to include post-production validation of the AT implementation.

A decision not to implement AT should be based on the risk of the asset falling out of U.S. control, operational impact if the CPI is lost, as well as on acquisition risks, to include: AT technical feasibility; cost; system performance; and scheduling impact.

5.12 Test and Evaluation

Consistent with DoDI 5000.02, the PM should integrate developmental and operational testing throughout the acquisition process. The AS should describe the knowledge and products needed from T&E, and their timing, to inform acquisition decisions and milestones across the life-cycle. Test plans with significant and direct influence on program cost, schedule, or performance should be addressed in the AS. Sections of the TEMP can be referenced in the AS. The PM should engage the T&E Working-level Integrated Product Team (WIPT) in the development of the AS, and harmonize the AS with the T&E strategy. While discussion of T&E is necessary for a complete AS, detailed information is not appropriate for the AS.

6.0 LIFE-CYCLE SUSTAINMENT PLAN

[fm SECNAVINST 5000.2D, Encl 2, Sec. 2.5.4.9.1.1: PMs are responsible for Total Life Cycle Systems Management (TLCSM) to sustain and continuously improve system long-term material readiness, increase reliability, and reduce the logistics footprint. PMs shall develop and implement Performance Based Logistics (PBL) strategies.]

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.7: Support planning shall show a balance between program resources and schedule so that systems are acquired, designed, and introduced efficiently to meet CDD/CPD and APB performance design criteria thresholds. The PM as the life-cycle manager, designated under the tenets of Total Life Cycle Systems Management (TLCSM), shall document the product support strategy in the acquisition strategy. Performance Based Logistics (PBL) is the preferred support strategy and method of providing weapon system logistics support. A comprehensive business case analysis will be the basis for selecting a support strategy and reflecting the associated tradeoffs (e.g., between performance, technical, business, organic/commercial considerations). A program level PBL implementation plan shall be developed for all programs using a PBL support strategy.]

The support strategy of the acquisition strategy shall not only address the support strategy of the new system, but also the support strategy for sustaining the replaced system.]

PBL decisions should also be based on the operational environment and the logistics infrastructure's ability to support non-PBL defense programs. PBL requirements should be invoked with contractors where appropriate. A guide for the development of a PBL strategy for product support of weapon systems titled, "A Program Manager's Guide to Buying Performance," is available on the ASN (RD&A) Web site, which can be found at https://acquisition.navy.mil/rda/home/policy_and_guidance.

Support planning, and its execution, forms the basis for Fleet or Marine forces introduction and deployment recommendations and decisions. Reliability, availability, and maintainability are critical considerations in the development of the support strategy. See the DAG for implementation guidance for all DON ACAT programs.

Life-cycle sustainment planning includes: supply; maintenance; transportation; sustaining engineering; data management; configuration management; HSI; environment; safety (including explosives safety); occupational health; protection of CPI; AT provisions; supportability; and interoperability. Effective sustainment of systems results from the design and development of reliable and maintainable systems through the continuous application of robust systems engineering methodology.

In most programs the PM, in coordination with military service logistics commands, is the Total Life-Cycle Manager. This includes full life-cycle product support execution and resource planning responsibilities. The overall product support strategy, documented in the AS, should include life-cycle support planning and should address actions to assure sustainment and to continually improve product affordability for programs in initial procurement, re-procurement, and post-production support.

6.1 Human Systems Integration

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.7.1: The acquisition strategy shall summarize HSI planning, including how

the program will meet HSI programmatic requirements and standards. It shall describe how the system will optimize human performance by meeting the needs of the human operators, maintainers, and support personnel. This includes manpower, personnel, and training (MPT), human factors engineering, personnel survivability, habitability, safety, occupational health, and environmental considerations.]

The PM should have a comprehensive plan for HSI in place early in the acquisition process to optimize total system performance, minimize total ownership costs, and ensure that the system is built to accommodate the characteristics of the user population that will operate, maintain, and support the system. The AS should summarize how HSI requirements will be integrated within the systems engineering, logistics, technology development and resource management processes, including a summary of HSI risks and supporting mitigation plans. The SEP should provide a more detailed description of the systems engineering process and how HSI requirements and risks are managed. All programs should summarize their manpower goals and key technologies or design features for projected manpower savings that minimize the system's total ownership cost.

The AS should address the eight basic HSI domains. The HSI domains are described as follows:

1. Manpower. The number of personnel (military, civilian and contractors) required, authorized and potentially available to operate, maintain, train, administer, and support each capability and/or system.
2. Personnel. The human knowledge, skills, abilities, aptitudes, competencies, characteristics, and capabilities required to operate, maintain, train, and support each capability and/or system in peacetime and war.

Where feasible, the PM shall employ the Ability One Program (formerly the Javits-Wagner-O'Day Program) contractor capabilities.

3. Training. The instruction, education and resources required to provide Navy personnel with requisite knowledge, skills, and abilities to properly operate, maintain, train, and support Navy capabilities and/or systems.

4. Human Factors Engineering. The comprehensive integration of human characteristics and capabilities and limitations into system definition, design, development, and evaluation in order to promote effective human-machine integration for optimal total system performance.

5. System Safety. System safety is the systems engineering process involving hazard identification, risk evaluation, design analysis, hazard mitigation/control and management. The process manages the design and operational characteristics of a system that eliminate or minimize the possibilities for accidents or mishaps caused by human error or system failure.

6. Occupational Health. The systematic application of biomedical knowledge, early in the acquisition process, to identify, assess, and minimize health hazards associated with the system's operation, maintenance, repair, or storage.

7. Personnel Survivability. The characteristics of a system that reduce the risk of fratricide and personal detection or targeting, prevent personal attack if detected or targeted, increase survival and prevent injury if personally attacked or located within an entity being attacked, minimize medical implications if wounded or otherwise injured, and minimize physical and mental fatigue.

8. Habitability. System characteristics that provide living and working conditions which result in levels of personnel morale, safety, health, and comfort adequate to sustain maximum personnel effectiveness to support mission performance and avoid personnel retention problems.

6.2 Environmental, Safety, and Occupational Health Considerations

[DoDI 5000.02, Encl 12, Sec. 6.a: The PM for all programs, regardless of ACAT level, shall prepare a PESHE which incorporates the MIL-STD-882D process and includes the following: identification of ESOH responsibilities; the strategy for integrating ESOH considerations into the systems engineering process; identification of ESOH risks and their status; a description of the method for tracking hazards throughout the life cycle of the system; identification of hazardous materials, wastes, and pollutants (discharges/emissions/noise) associated with the system and plans for their minimization and/or safe

disposal; and a compliance schedule covering all system-related activities for the National Environmental Protection Agency (NEPA) [sections 4321-4347 of title 42, U.S.C.] and E.O. 12114. The Acquisition Strategy shall incorporate a summary of the PESHE, including the NEPA/E.O. 12114 compliance schedule.]

Disturbances to the environment can abruptly halt a program, so it is important to address and provide mitigation strategies early on for any potential environmental issues. SEA 04RS/RE can provide assistance in this area. Likewise, any safety and occupational health issues are equally as important. There should be a member from each of these functional area groups serving on the program's AS working group. The AS should summarize these plans.

6.3 Life-Cycle Signature Support Plan

A Life-Cycle Signature Support Plan (LSSP) is required for validated and approved signature dependent programs. The LSSP support requirements and funding should be included in the AS.

A signature dependent program is a defense acquisition that uses, or is comprised of, a sensor, system, or process that relies on signatures or signature data to successfully perform a task or mission. The LSSP should be developed during the Material Solution Analysis and TD Phases and matured during EMD and P&D.

If the LSSP needs to be classified, it should be so noted in the unclassified AS and a classified LSSP annex of the AS should be handled separately.

Acquisition programs requiring a LSSP need to identify, capture and address the signatures essential to the development, testing, fielding, operation and maintenance of required weapons, smart munitions, sensors, and systems capabilities at each program milestone and prior to proceeding to LRIP production and/or fielding decision.

6.4 Chemical, Biological, Radiological and Nuclear Survivability

In accordance with DoDI 3150.09, Chemical, Biological, Radiological and Nuclear (CBRN) survivability is a requirement of all CBRN mission-critical systems regardless of ACAT. The AS

should strategically discuss the program's development plans to ensure an appropriate level of chemical, biological, radiological and/or nuclear survivability of end items at Initial Operating Capability (IOC) and beyond. DoDI 3150.09 requires CBRN mission-critical systems be CBRN survivable in accordance with their capabilities documents survivability requirements. Enclosure 3 of DoDI 3150.09 provides procedures for sponsors, materiel developers, and MDAs. In the context of the AS, the materiel developer should provide a cross walk between the program's CBRN survivability requirements and the plan by which the requirements will be achieved and identify any special or unique T&E requirements.

6.5 Demilitarization and Disposal Planning

At the end of its useful life, a system shall be demilitarized and disposed of in accordance with all legal and regulatory requirements and policy relating to safety (including explosives safety), security, and the environment. During the design process, PMS shall document hazardous materials contained in the system and shall estimate and plan for the system's demilitarization and safe disposal.

For additional guidance see ASG Appendix D, "Demilitarization and Disposal Planning."

6.6 Post Implementation Review

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.7.4: The acquisition strategy shall address the statutory requirement for a post deployment performance review for ACAT I and IA programs.]

The primary focus of post implementation review (referred to as "post deployment performance review (PDPR)" in SECNAVINST 5000.2D) is on how well a program is meeting its mission, performance, management, financial, and technical goals. Senior management will review the PDPR reports for inputs to IT investment decisions. Guidance to assist organizations in conducting PDPRs of IT investments as required by the CCA is provided in the DON IT Investment Evaluation Handbook, which can be found on the DON CIO Web site at <http://www.doncio.navy.mil/Products.aspx?ID=757>. See the DAG for implementation guidance for all DON IT ACAT programs.

6.7 Core Logistics Analysis/Source of Repair Analysis

[fm section 2464 of title 10, U.S.C: The core logistics capabilities identified shall include those capabilities that are necessary to maintain and repair the weapon systems and other military equipment (including mission-essential weapon systems or materiel not later than four years after achieving initial operational capability, but excluding systems and equipment under special access programs, nuclear aircraft carriers, and commercial items that are identified by the Secretary, in consultation with the Chairman of the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the strategic and contingency plans prepared by the Chairman of the Joint Chiefs of Staff.)]

6.8 Diminishing Manufacturing Sources and Material Shortages

Support planning should include a process to resolve problems created by parts and/or materials obsolescence to reduce or eliminate negative impacts. Such planning should proactively consider the impact of obsolescence on the acquisition life-cycle by anticipating potential obsolescence and taking appropriate logistics, acquisition, and budgeting steps to prevent obsolescence from adversely affecting readiness or total ownership cost. As a necessary adjunct to this element of support planning, the process should ensure that obsolescence mitigation information is effectively communicated and exchanged within DON, with other Government organizations, and with industry through maximum use of alerts and the Government-Industry Data Exchange Program (GIDEP).

6.9 Military Equipment Valuation and Accountability

[fm DoDI 5000.02, Encl 2, Sec. 7.c.4: For Milestone C, the PM shall prepare a program description as part of the Acquisition Strategy. Throughout Production and Deployment, the PM or the life-cycle manager shall ensure that all deliverable equipment requiring capitalization is serially identified and valued at full cost; the full cost of each item of equipment is entered in the Item Unique Identification (IUID) registry; all solicitations, proposals, contracts, and/or orders for deliverable equipment are structured for proper segregation of each type of equipment based on its respective financial treatment; procedures are established to track all equipment items throughout their life cycle; and the status of items]

added, retired from operational use, or transferred from one DoD Component to another DoD Component are updated quarterly throughout their life.]

The PM must develop a program description that identifies contract deliverable military equipment, non-military equipment, and other deliverable items. The program description is a requirement of the Military Equipment Valuation and Accountability (MEVA) business processes. To further facilitate this requirement, the Proper Financial Accounting treatment for Military Equipment Policy provides specific guidance for PMs, Business Financial Managers (BFMs), and Procurement Contracting Officers.

Additional guidance can be found in "Management Assertion for Military Equipment Guidebook,"
http://www.acq.osd.mil/me/pdfs/ref_lib/Management_Assertion_Guidebook.pdf.

6.9.1 Proper Financial Accounting Treatment for Military Equipment Policy

The PM should prepare a program description as part of the AS at MS C for any deliverable end items with a unit cost at or above \$100,000 (the current capitalization threshold). The program description should be consistent with a level 2 work breakdown structure (WBS) as described in MIL-HDBK-881A. The description should identify the following deliverables:

- End item(s) meeting the unit cost threshold (i.e., \$100,000),
- Government furnished property that will be included in the end item,
- Other deliverables that will accompany the end item (e.g., manuals, technical data, etc.),
- Other types of deliverables that will be bought with program funding (e.g., initial spares, support equipment, special tooling and test equipment, etc.) but that cannot be directly attributed to a specific end item.

6.10 Item Unique Identification

To enhance the life-cycle management of assets in systems acquisition and sustainment, and to provide more accurate asset

valuation, all PMs should plan for and implement Item Unique Identification (IUID) to identify and track applicable major end items, configuration-controlled items, and Government furnished property. IUID planning and implementation should be documented in an IUID Implementation Plan and summarized in the program's SEP.

6.11 Replaced System Sustainment Plan (if applicable)

The PM needs to address plans to sustain the system being replaced if the capability provided by the existing system remains necessary and relevant during fielding of and transition to the new system. The AS must provide for budgeting to sustain the existing system until the new system assumes the majority of mission responsibility.

7.0 BUSINESS STRATEGY

7.1 Analysis of Alternatives

Discuss feasible acquisition alternatives, the impact of prior acquisitions on those alternatives, and any related in-house effort. Describe the options in the AoA or ADM and delineate which option the AP supports. Reference the approved AoA or ADM and include the approval date(s).

7.2 Small Business Considerations

Note: The NAVSEA Small Business Programs Office should be contacted for guidance and assistance in formulating acquisition strategies that address small business utilization.

It is the policy of the Government to provide maximum practicable opportunities in acquisitions to small business, veteran-owned small business, service-disabled veteran owned small business, small disadvantaged small business, and women-owned small business concerns. This policy to maintain and strengthen the Nation's industrial base and technology base is implemented by the DoD and DON. NAVSEA is committed to increasing the participation of small business and the aforementioned subcategories in prime and subcontracting consistent with cost/benefit considerations and acquisition objectives.

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The requirement to seek out small business through market research and firms in the subcategories was reiterated in the NAVSEA HCA Policy Memorandum #3, "Guiding Principles for Acquisition Strategies," of 15 April 2008.

Strategies, such as a breakout of requirements, provide for greater participation of small businesses and should be considered. Strategies should be developed to provide ample opportunities for small business participation through subcontracting.

7.3 Competition

PMS must make every effort to foster full and open competition. The AS should address plans for offering full and open competition or state reasons why full and open competition is not feasible. Describe how competition will be sought, promoted, and sustained throughout the course of the acquisition.

7.4 Contract Approach

The AS should discuss the types of contracts in place and/or planned. For each contract contemplated, discuss contract type selection, options, or other special contracting methods, any special clauses, special solicitation provisions, or FAR deviations required. Also, indicate whether sealed bidding or negotiation will be used and provide the rationale.

7.4.1 Performance-Based Business Strategy

Performance standards establish the performance level required by the Government to meet contract requirements. The standards shall be measurable and structured to permit an assessment of the contractor's performance.

Consistent with a Performance-Based Business Environment as described in FAR 37.6, the AS should address a performance-based business strategy throughout the life-cycle.

7.4.2 Modular Contracting

The PM should use modular contracting for major IT acquisitions, to the extent practicable. Before an agency can consolidate contract requirements with an estimated value

exceeding \$5.5 million, the AS must contain the results of market research, alternative contracting approaches, and a determination by the senior procurement executive that the consolidation is necessary and justified. Modular contracting is typically used with service-type contracts, but it may be considered for other contracting considerations.

7.4.3 Contract Bundling or Consolidation

The FAR 7.103(s) requires that acquisition planners, to the maximum extent practicable, avoid unnecessary and unjustified bundling that precludes small business participation as contractors. As a result of this direction, DoDI 5000.02 requires a Benefit Analysis and Determination. For additional information refer to FAR 2.101, DFARS 207.170-2, and the DoD Benefit Analysis Guidebook, and section 644(e) of title 15, U.S.C., "Procurement strategies; contract bundling."

The DFARS 207.170-3 directs agencies not to consolidate contract requirements with an estimated total value exceeding \$5.5 million unless the acquisition strategy includes the results of market research, identification of any alternative contracting approaches that would involve a lesser degree of consolidation, and a determination by the senior procurement executive that the consolidation is necessary and justified.

7.4.4 Major Contracts Planned

For each major contract (greater than \$40 million (then-year dollars) for an MDAP and greater than \$17 million for MAIS), the AS should describe what the basic contract buys; how major deliverable items are defined; options, if any, and pre-requisites for exercising them; and the events established in the contract to support appropriate exit criteria for the phase or intermediate development activity.

7.4.5 Multi-Year Contracting

The AS should address the PM's consideration of multi-year contracting for FRP and address the PM's assessment of whether the production program is suited to the use of multi-year contracting.

7.4.6 Contract Incentives

Describe how incentives will be used to achieve required cost, schedule, and performance outcomes.

7.4.7 Warranties

The PM should examine the value of warranties on major systems and pursue them when appropriate and cost-effective. The PM should address the plans to incorporate warranty requirements into major systems contracts.

7.4.8 Leasing

The PM should consider the use of leasing in the acquisition of commercial vehicles and equipment whenever practicable and efficient. Leases are limited to an annual contract with no more than a 5-month lease option. The PM may not enter into any lease with a term of 18 months or more, or extend or renew any lease for a term of 18 months or more, for any vessel, aircraft, or vehicle, unless the PM has considered all costs of such a lease (including estimated termination liability). A lease of more than 12 months does not permit the extension of one year funding authority.

7.5 Market Research

[fm section 2377 of title 10, U.S.C.: Preference for Acquisition of Commercial Items: (c) Preliminary Market Research. -

(1) The head of an agency shall conduct market research appropriate to the circumstances -

(A) before developing new specifications for a procurement by that agency; and

(B) before soliciting bids or proposals for a contract in excess of the simplified acquisition threshold.

(2) The head of an agency shall use the results of market research to determine whether there are commercial items or, to the extent that commercial items suitable to meet the agency's needs are not available, non-developmental items other than commercial items available that -

(A) meet the agency's requirements;

*(B) could be modified to meet the agency's requirements;
or*

*(C) could meet the agency's requirements if those requirements were modified to a reasonable extent.
(3) In conducting market research, the head of an agency should not require potential sources to submit more than the minimum information that is necessary to make the determinations required in paragraph (2).]*

The AS should address the market research strategy for determining sources of supply. Commercial item contracting should be addressed. With regard to acquisition of services, consult section 644(e)(2) of title 15, U.S.C. and for policy and procedures, FAR Part 10.

7.6 Cooperative Opportunities

PMs should investigate the possibility of entering into joint ventures with other DoD program offices in an effort to capitalize on shared resources.

7.6.1 International Cooperation (not applicable to IT Systems)

PMs for DON ACAT programs shall consult with the Navy International Programs Office (Navy IPO) during development of the international element of the program's AS to obtain:

- Relevant international programs information.
- ASN (RD&A) policy and procedures regarding development, review, and approval of international armaments cooperation programs.
- DON technology transfer policy (see the DAG for implementation guidance for all DON ACAT programs).

Additionally, if the program has any future possibilities for use in international markets, that could be a valid justification for utilizing an "Economy of Scale" business strategy.

7.6.2 International Cooperative Strategy

[fm SECNAVINST 5000.2D, Encl 3, Sec. 3.4.8.1.1: DON PMS and/or PEOs considering international cooperation should consult with the Navy International Programs Office to develop a strategy.]

The acquisition strategy shall discuss the potential for increasing, enhancing, and improving our conventional forces and those of our allies, including reciprocal defense trade and cooperation, and international cooperative research, development, production, and logistics support. The acquisition strategy shall also consider the possible sale of military equipment.]

The AS should also consider security, information release, technology transfer issues, bilateral versus multilateral cooperation, harmonization of military requirements, bilateral T&E, and potential involvement of foreign industry and/or technology in the DON program.

The business strategy should identify similar programs/projects under development or in production by an ally. The AS assesses whether a similar program/project could satisfy U.S. requirements; and if so, recommend designating the program an international cooperative program. DON PMS and/or PEOs should consult with the Navy IPO in order to ensure their programs are consistent with Navy IPO campaign plans for sales to allied and friendly nations.

Discuss foreign sales implications. Describe steps taken to ensure that allied capabilities are properly and thoroughly considered before any new development efforts are begun. Describe efforts to satisfy Navy requirements through cooperative joint research, development, and/or production programs. Identify economies of scale afforded by such programs. State whether existing equipment from other allied nations will satisfy Navy requirements.

For additional guidance refer to section 2350a of title 10, U.S.C., "Cooperative Research and Development Agreements: NATO Organizations; Allied and Friendly Foreign Countries."

7.7 Advance Procurement

There are times when it is appropriate to procure some components, parts, materiel, or effort in advance of the end item buy. Statutory authority for these advance procurements should be provided in the relevant authorization and appropriations acts.

If advance procurement of long lead items is planned, it should be so stated in the AS. The MDA must approve an advance procurement prior to MS C. DoDI 7000.14-R requires that the procurement of end items be fully funded (e.g., the cost of the end items to be bought in any fiscal year should be completely included in that year's budget request).

Advance procurement funds are used in major acquisition programs for advance procurement of components whose long-lead times require early purchase in order to reduce the overall procurement lead-time of the major end item. Advance procurement of long lead components is an exception to the DoD "full funding" policy and must be part of the President's Budget request. These expenditures are subject to the following limitations:

- Cost of components, material, parts, and effort budgeted for advance procurement should be low compared to the total cost of the end item,
- PM judgment of the benefits of advance procurement to outweigh the inherent loss of or limitation to future MDA flexibility,
- MDA approval of advance procurement,
- Procurement statutory authority.

As part of the milestone review, the MDA should approve specific exit criteria for advance procurement. These specific exit criteria should be satisfied before the PM releases any advance procurement funding for either the initial long lead-time items contract(s) or the contract(s) for individual, follow-on or long lead-time lots. The contracts office should initiate a separate contract action for advance procurement of long lead materiel.

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[Program Name]
Sample Acquisition Strategy
Acquisition Coordination Team (ACT)/
Overarching Integrated Product Team (OIPT)
Final Report

Purpose: This document serves as a tool for the program office to document participation in the original AS creation. It should document the decisions, areas of interest, planned strategies, and concerns that were addressed at the beginning of the acquisition planning. It can also be used to monitor the program as it moves forward. A list of attendees is provided for future reference.

<u>Participants Name</u>	<u>Code</u>	<u>Phone</u>	<u>Email</u>	<u>Functional Area</u>
[Program Manager]				
[Deputy Program Manager]				
[Acquisition Manager]				
	00I			IT/CCA Compliance
	00L			Legal
	01			Financial
	02			Contracts
	0213			Acquisition Policy
	04L			Logistics
	04RE			Environmental
	04RS			Safety
	05C			Cost Engineering
	05 (applicable group)			Systems Engineering
	05H			Human Sys Integration
	05W			T&E/Interoperability

Assumptions: Indicate any assumptions that were made during the course of the meetings (e.g., regulatory requirements that may not be required due to criteria, etc.).

Suggested Waivers: Indicate the intention to request a waiver from certain requirements and state the justification for the waiver.

Decisions: Aside from the milestone decisions themselves, indicate any decisions that were made by the MDA that directs changes to the AS.

Concerns: Indicate any concerns that were raised that should be monitored as the program moves forward.

Acquisition Strategy

Suggested Routing Sequence

ALL ACATS

- 1) Acquisition Working Group routing
- 2) Internal Program Office routing
- 3) Program Manager Approval
- 4) Contracts Office Review (PCO, Branch Head and Division Head)
- 5) Legal Review (SEA 00L)
- 6) Contracts Approval (SEA 02B, SEA 02)
- 7) PEO Approval
- 8) PM prepares transmittal memorandum

ACAT I and II

- 9) DASN Review
- 10) ASN (RD&A) Approval

ACAT ID

- 11) USD (AT&L) Review
- 12) USD (AT&L) Approval

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<https://www.acquisition.gov/>

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Contact SEA 0213 for an electronic copy of the NAVSEA Acquisition Planning Guide.

Acquisition Strategy Guiding Principles:

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Acronym List

AAP	Abbreviated Acquisition Program
ACAT	Acquisition Category
ACT	Acquisition Coordination Team
ADM	Acquisition Decision Memorandum
AIS	Automated Information System
AoA	Analysis of Alternatives
AP	Acquisition Plan
APB	Acquisition Program Baseline
APPN	Appropriation
APUC	Average Procurement Unit Cost
ARB	Acquisition Review Board
AS	Acquisition Strategy
ASG	Acquisition Strategy Guide
ASN(RD&A)	Assistant Secretary of the Navy (Research, Development & Acquisition)
ASN(RD&A)	CHSENG - Assistant Secretary of the Navy (Research, Development & Acquisition) Chief Systems Engineer
ASR	Acquisition Strategy Report (outdated acronym)
AT	Anti-Tamper
ATRT	Automated Test and Re-Test
BA	Budget Activity
BFBMs	Business Financial Managers
CAE	Component Acquisition Executive
CAIG	Cost Analysis Improvement Group
CAIV	Cost as an Independent Variable
CBRN	Chemical, Biological, Radiological and Nuclear
CCA	Clinger Cohen Act
CDD	Capabilities Development Document
CDR	Critical Design Review
CIO	Chief Information Officer
CJCSI	Chairman of the Joint Chiefs of Staff Instruction
CPC	Corrosion Prevention and Control
CPD	Capabilities Production Document
CPI	Critical Program Information
CSDR	Cost and Software Data Reporting
CSI	Critical Safety Items
DAB	Defense Acquisition Board
DAG	Defense Acquisition Guidebook
DASN	Deputy Assistant Secretary of the Navy
DAU	Defense Acquisition University
DCS	Direct Commercial Sale
DFARS	Defense Federal Acquisition Register Supplement

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DIACAP	DoD Information Assurance Certification and Accreditation Process
DITSCAP	Defense Information Technology Security Accreditation Plan (outdated acronym)
DLA	Defense Logistics Agency
DMS	Data Management Strategy
DoD	Department of Defense
DoDD	Department of Defense Directive
DoDI	Department of Defense Instruction
DON	Department of the Navy
DOT&E	Director, Operational Test & Evaluation
DRPM	Direct Reporting Program Manager
EMD	Engineering and Manufacturing Development
EO	Executive Order
ESOH	Environment, Safety, and Occupational Health
EVM	Earned Value Management
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
FMS	Foreign Military Sales
FOC	Fully Operational Capability
FoS	Family-of-Systems
FRP	Full Rate Production
FRP DR	Full Rate Production Decision Review
GIDEP	Government-Industry Data Exchange Program
GIG	Global Information Grid
GPPC	Government Property in the Possession of Contractors
HCA	Head of Contracting Activity
HSI	Human Systems Integration
IA	Information Assurance
ICA	Industrial Capabilities Assessments
ICD	Initial Capabilities Document
IDE	Integrated Digital Environment:
IOC	Initial Operational Capability
IT	Information Technology
IUID	Item Unique Identification
JCIDS	Joint Capabilities Integration and Development System
KPP	Key Performance Parameters
KSA	Key System Attribute
LCC	Life-Cycle Cost
LSSP	Life-Cycle Signature Support Plan
MAIS	Major Automated Information System
MDA	Milestone Decision Authority
MDAP	Major Defense Acquisition Program
MEVA	Military Equipment Valuation and Accountability
MOSA	Modular Open Systems Approach
M&S	Modeling and Simulation

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MS	Milestone
NAVSEA	Naval Sea Systems Command
NAVSEAINST	Naval Sea Systems Command Instruction
NAVSO	Naval Support Office
NAVY IPO	Navy International Programs Office
NOA	Naval Open Architecture
OA	Open Architecture
OIPT	Overarching Integrated Product Team
OPNAV	Office of the Chief of Naval Operations
OSD	Office of the Secretary of Defense
P&D	Production and Deployment
PB	President's Budget
PAUC	Program Acquisition Unit Cost
PBL	Performance Based Logistics
PDR	Preliminary Design Review
PDPR	Post Deployment Performance Review
PE	Program Element
PEO	Program Executive Officer
PESHE	Programmatic Environmental, Safety, and Occupational Health Evaluation
PM	Program Manager
PMO	Program Management Office
PoPS	Probability of Program Success
PPP	Program Protection Plan
PRR	Production Readiness Review
RDT&E	Research, Development, Test & Evaluation
SAMP	Single Acquisition Management Plan
SBIR	Small Business Innovation Research
SECNAV	Secretary of the Navy
SECNAVINST	Secretary of the Navy Instruction
SEP	System Engineering Plan
SoS	System-of-Systems
SRR	System Readiness Review
SFFAS	Statement of Federal Financial Accounting Standards
SVR	System Verification Review
SYSKOM	Systems Command
TD	Technology Development
TDS	Technology Development Strategy
T&E	Test & Evaluation
TEMP	Test & Evaluation Management Plan
TRL	Technology Readiness Level
TRR	Test Readiness Review
UCA	Unfinitized Contract Action
U.S.	United States
U.S.C.	United States Code

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USD(AT&L)	Under Secretary of Defense for Acquisition, Technology & Logistics
WBS	Work Breakdown Structure
WIPT	Working-level Integrated Product Team